

DONELAN, CLEARY, WOOD & MASER, P. C.

ATTORNEYS AND COUNSELORS AT LAW

SUITE 850

1275 K STREET, N. W.

WASHINGTON, D. C. 20005-4078

TELEPHONE: (202) 371-9500

TELECOPIER: (202) 371-0900

2-311A037

RECORDATION NO. 17994 FILED 1425

November 6, 1992

NOV 6 1992 - 1 59 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

On behalf of NationsBanc Leasing Corporation of North Carolina, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, executed counterparts of a primary document, not previously recorded, entitled Master Equipment Lease Agreement ("Lease"), made as of November 2, 1992.

The parties to the enclosed Lease are:

NationsBanc Leasing Corporation - LESSOR
of North Carolina
NationsBank Corporate Center
100 North Tryon Street
12th Floor
Charlotte, North Carolina 28255-0001

Northern States Power Company - LESSEE
414 Nicollet Mall
Minneapolis, Minnesota 55401

The said Lease covers, among other things, the leasing by the Lessor to the Lessee of those certain one hundred thirty five (135) coal cars.

The units of equipment covered by the Lease are 135 coal cars identified as NSPX 92-001-92-135.

A short summary of the document to appear in the ICC Index is as follows:

"Lease of 135 Coal Cars NSPX 92-001-92-135."

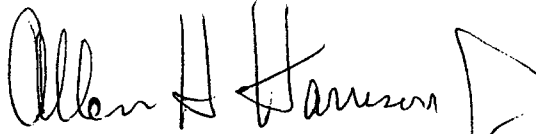
Enclosed is a check in the amount of sixteen dollars (\$16.00) in payment of the filing fee.

Nov 6 1 45 PM '92
NOTICE OF RECORDING UNIT

Donelan, Cleary, Wood & Maser

Once the filing has been made, please return to bearer the stamped counterparts of the Lease not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, appearing to read "Allen H. Harrison, Jr.", with a large, stylized flourish extending to the right.

Allen H. Harrison, Jr.
*Attorney for the purpose of this
filing for NationsBanc Leasing
Corporation of North Carolina*

The Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423
Enclosures

BY HAND

NOV 6 1992 - 1 50 PM

MASTER EQUIPMENT LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE AGREEMENT, dated as of November 2, 1992 (as supplemented from time to time the "Agreement") between NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation (the "Lessor") having its principal place of business at NationsBank Corporate Center, 100 North Tryon Street, NC1007-12-01, Charlotte, North Carolina 28255-0001 and NORTHERN STATES POWER COMPANY, a Minnesota corporation (the "Lessee"), having its principal place of business at 414 Nicollet Mall, Minneapolis, Minnesota 55401.

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acceptance Date" means the date on which Lessor entered into the Overall Transaction with respect to the particular items of the Equipment and Lessee unconditionally accepted the Equipment for lease hereunder, as evidenced by the execution and delivery of the Lease Supplement related to the Equipment and dated such date.

"Acquisition Cost" means an amount equal to the sum of (a) the total cost paid by Lessor for or in connection with the Equipment, plus (b) all excise, sales and use taxes paid by Lessor on or with respect to the acquisition of the Equipment, plus (c) Transaction Costs, less (d) the total cost paid by Lessor for or in connection with those particular items of the Equipment which have been the subject of an Event of Loss and for which an amount equal to the Casualty Loss Value for such items of Equipment has been paid in full to Lessor.

"Acquisition Expiration Date" means March 31, 1993.

"Affiliate" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by Lessee.

"Appraisal Procedure" means the following procedure for determining the Fair Market Sales Value of any property: If either party to this Agreement shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 days after such notice is given, each party shall appoint a qualified independent

appraiser within 20 days. If one party, but not the other, appoints an appraiser pursuant to the preceding sentence, then the appropriately appointed appraiser shall conduct the appraisal. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Sales Value of such property within 30 days after his or their appointment. If the parties shall have appointed a single appraiser, his determination of values shall be final. If 2 appraisers shall be appointed, the values determined shall be averaged. The parties shall share equally the costs and expenses of the appraiser or the appraisers, as the case may be.

"Assignee" means any Person to whom Lessor or any Assignee has made any assignment, sale or transfer referred to in Section 14(b) hereof.

"Basic Payment" means the amounts payable for the Equipment during the Term pursuant to Section 7(a) hereof.

"Basic Payment Date" means each date on which a monthly Basic Payment is due and payable as provided in Section 7(a) hereof.

"Basic Payment Factor" means the Basic Payment Factor set forth on Schedule A hereto.

"Basic Payment Period" means each monthly period beginning with the date one (1) calendar month after the Acceptance Date and ending with the date immediately preceding the eighth annual anniversary of the Acceptance Date.

"Business Day" means any day other than a day on which banking institutions in the State of North Carolina are authorized or required by law to close.

"Casualty Loss Value" means as of any Casualty Loss Value Date during the Term an amount determined by multiplying (a) the Acquisition Cost for all Equipment subject to an Event of Loss for which a casualty loss payment has not been previously made under the Agreement by (b) the percentage set forth opposite such Casualty Loss Value Date on Schedule B hereto.

"Casualty Loss Value Date" means the last day of each Basic Payment Period for which Basic Payments are payable during the Term.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Consolidated Affiliate" means at any date any Affiliate or other entity the accounts of which would be consolidated with those of Lessee in its consolidated financial statements if such statements were prepared as of such date.

"Consolidated Tangible Net Worth" means at any date the consolidated stockholders' equity of Lessee and its Consolidated Affiliates, less their consolidated Intangible Assets, all determined as of such date. For purposes of this definition "Intangible Assets" means the amount (to the extent reflected in determining such consolidated stockholders' equity) of (a) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within 12 months after the acquisition of such business) in the book value of any assets owned by Lessee or a Consolidated Affiliate and (b) all goodwill, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible assets.

"Covered Income Tax" shall have the meaning given to such term in Section 18 hereof.

"Default" means any event which with the giving of notice or the passage of time or both would result in an Event of Default.

"Equipment" means the equipment described in Exhibit A hereto delivered on the Acceptance Date, together with any Parts (including replacement Parts) which may from time to time be incorporated in such equipment or other property and title to which shall have vested in Lessor.

"ERISA" shall have the meaning given to such term in Section 21(k) hereof.

"Event of Default" shall have the meaning given to such term in Section 22 hereof.

"Event of Loss" with respect to any item of Equipment means any of the following events: (a) loss of any item of Equipment or of the use thereof due to theft or disappearance during the Term, or the non-existence of any item of Equipment at the expiration or termination of the Term prior to its expiration, (b) destruction, damage beyond repair, or rendition of any item of Equipment permanently unfit for normal use for any reason whatsoever, (c) any damage to any item of Equipment which results in an insurance settlement with respect to such item of Equipment on the basis of a total loss, or (d) the condemnation, confiscation, seizure, or requisition of use or title to any item of Equipment by any governmental authority under the power of eminent domain or otherwise.

"Expiration Date" means the date immediately preceding the eighth annual anniversary date of the Acceptance Date.

"Fair Market Sales Value" means the value which would obtain in an arm's length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell. If the parties are unable to agree on the Fair Market Sales Value within 30 days of Lessor's giving of notice as

specified in Section 23(c) hereof, such Fair Market Sales Value shall be determined by the Appraisal Procedure.

"Improvement" shall have the meaning given to such term in Section 12 hereof.

"Lease Supplement" means a Lease Supplement and Acceptance Certificate substantially in the form of Exhibit B hereto, to be executed by Lessor and Lessee for the Equipment, in accordance with the provisions of Section 4 hereof.

"Liens" means any liens, mortgages, encumbrances, pledges or security interests of any kind.

"Maximum Cost" means the sum of \$7,900,000.00.

"Maximum Lessee Risk Amount" for the Equipment means the percentage set forth in Schedule C hereto under the heading Maximum Lessee Risk Amount multiplied by the Acquisition Cost.

"Maximum Lessor Risk Amount" for the Equipment means the percentage set forth in Schedule C hereto under the heading Maximum Lessor Risk Amount multiplied by the Acquisition Cost.

"Net Proceeds of Sale" means the net amount received by Lessor from a third party purchaser of the Equipment pursuant to a sale of the Equipment under Section 29(c) hereof.

"Option Election Notice Date" means the date seven and one-half (7-1/2) years after the Acceptance Date.

"Overall Transaction" means all of those transactions referred to in, provided for in, or contemplated by, this Agreement, including, without limitation, the financing, operation and management of the Equipment.

"Overdue Rate" means the lesser of the maximum rate permitted by applicable law and a per annum interest rate equal to the Transaction Rate for the Equipment plus 100 basis points.

"Parts" means all appliances, parts, instruments, appurtenances, accessories and miscellaneous property of whatever nature that may from time to time be incorporated or installed in or attached to or otherwise part of the Equipment.

"Payments" means Basic Payments and Supplemental Payments.

"Permitted Contests" means any contest by Lessee with respect to any Lien, tax or imposition referred to in Sections 15 or 18 hereof, and any contest by Lessor with respect to any Lien, tax or imposition referred to in Section 8(b) hereof, so long as Lessee or Lessor (as the case may be) shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its liability therefor, by appropriate proceedings which do not result in (a) the collection of, or other

realization upon, the tax, assessment, levy, fee, rent, charge, lien or encumbrance so contested, (b) the sale, forfeiture or loss of any item of Equipment or any Part, or the Payments or any portion thereof, (c) any interference with the quiet enjoyment and use of any item of Equipment or any Part thereof, or (d) any interference with the payment of the Payments or any portion thereof. The party initiating any such contest shall pay, and save harmless the other party against, any and all losses, judgments, decrees and costs (including, without limitation, all reasonable attorneys' fees and expenses) in connection with any such contest and shall promptly after the final settlement, compromise or determination (including any appeals) of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interests, costs and expenses thereof or in connection therewith, and perform all acts, the performance of which shall be ordered or decreed as a result thereof.

"Permitted Lien" means a Lien permitted by the provisions of Section 15 hereof.

"Permitted Sublease" means a sublease (a) which complies with the requirements of Section 14 hereof (b) the term of which shall in no event exceed the then remaining portion of the Term and (c) immediately prior to the commencement of the term of which, and after giving effect to which, there shall exist no Default or Event of Default.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"Purchase Agreement" means the Purchase Agreement dated as of the date hereof between the Seller and Lessor.

"Replacement" shall have the meaning given to such term in Section 12 hereof.

"Replacement Item" means any item of equipment conveyed to Lessor pursuant to Section 16(b) hereof in replacement of any item of Equipment.

"Required Alteration" shall have the meaning given to such term in Section 12 hereof.

"Sales Expenses" means (a) all property, excise, sales and use taxes and other taxes (as such may be applicable to the sale or transfer of the Equipment), (b) all fees, costs and expenses of such sale or transfer of the Equipment (including, without limitation, fees, costs and expenses of attorneys or those associated with transportation, storage, security or insurance) incurred by Lessor and (c) any and all other amounts incurred in

connection with such sale or transfer of the Equipment for which, if not paid, Lessor would be liable or which, if not paid, would constitute a Lien on the Equipment, or any Part.

"Seller" means Trinity Industries, Inc., a Delaware corporation.

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including, without limitation, payments of Casualty Loss Value and indemnities, but excluding Basic Payments.

"Term" means the period of ninety-six (96) consecutive calendar months from and including each Acceptance Date, unless this Agreement is sooner terminated pursuant to the provisions hereof.

"Third Party Purchaser" means a third party purchaser of the Equipment in accordance with Section 29 hereof.

"Transaction Costs" means all fees, costs and expenses incurred by Lessor or Lessee relating to the acquisition, sale or transfer of the Equipment from the Seller (including, without limitation, any filing or search fees, the fees, costs and expenses of the attorneys for Lessor and Lessee, special Interstate Commerce Commission counsel, and those Persons associated with the transportation, storage, security or insurance of the Equipment).

"Transaction Rate" means a rate of interest equal to the current yield in the secondary market of United States Treasury securities of substantially the same amount as the Acquisition Cost referenced in the Lease Supplement for such Equipment and having a term to maturity of not less than 75 months from the commencement of the Term for such Equipment as referenced in such Lease Supplement.

"Warranty Bill of Sale" shall have the meaning given to such term in Section 3(a)(vii) hereof.

The words "this Agreement", "herein", "hereunder", "hereof", or other like words mean and include this Agreement and the Lease Supplement and any amendment and supplement hereto or thereto.

2. Agreement for Lease of Equipment; Covenant of Quiet Enjoyment. Subject to, and upon all of the terms and conditions of this Agreement, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor, the Equipment for the Term. Provided that no Event of Default has occurred and is continuing, Lessor agrees that it shall not interfere with Lessee's quiet enjoyment and use of the Equipment during the Term. Lessor or any Assignee shall not grant or allow any Liens to be placed on the Equipment other than as permitted in accordance with the provisions of Section 8(b) hereof.

3. Conditions Precedent. The obligations of Lessor to purchase the Equipment and to lease the same to Lessee and enter into the Overall Transaction are subject to:

(a-1) the delivery to Lessor on the closing date of this Agreement of the following documents each in form and substance satisfactory to Lessor:

(i) Lessee's articles of incorporation, by-laws and resolutions, all of which shall be certified, with such resolutions authorizing the Overall Transaction and Lessee's execution, delivery and performance of this Agreement and an incumbency certificate of Lessee containing the name(s), title(s) and specimen signature(s) of the person(s) authorized on behalf of Lessee to execute this Agreement;

(ii) a written opinion of counsel for Lessee in form and substance satisfactory to Lessor;

(iii) a certificate of insurance evidencing the coverages required under Section 17 hereof;

(iv) [Intentionally Omitted];

(v) Uniform Commercial Code filings as deemed appropriate by Lessor's counsel duly executed by Lessee;

(vi) [Intentionally Omitted]; and

(vii) the Purchase Agreement duly executed by the Seller; and

(viii) a legal opinion of Donelan, Cleary, Wood & Maser, P.C., special Interstate Commerce Commission counsel to Lessor; and

(a-2) the delivery to Lessor on the respective closing dates for the various items of Equipment referenced in each Lease Supplement of the following documents each in form and substance satisfactory to Lessor:

(i) a certificate of insurance evidencing the coverages required under Section 17 hereof;

(ii) the Lease Supplement, duly executed by Lessee and Lessor, and dated the Acceptance Date;

(iii) Uniform Commercial Code filings as deemed appropriate by Lessor's counsel duly executed by Lessee;

(iv) a full warranty bill of sale (the "Warranty Bill of Sale") specifically referring to each item of the Equipment, duly executed by the Seller in favor of Lessor and dated the Acceptance Date; and

(v) an update to the legal opinion of Donelan, Cleary, Wood & Maser, P.C., special Interstate Commerce Commission counsel to Lessor; and

(b) The fulfillment to the satisfaction of Lessor as of each Acceptance Date of the conditions specified in the following provisions:

(i) the absence on the Acceptance Date of any Liens on the Equipment, other than any Permitted Lien of the type specified in Sections 15(a) or (b) hereof;

(ii) the Acquisition Cost will not exceed the Maximum Cost;

(iii) the Acceptance Date shall be a date between and inclusive of the date hereof and the Acquisition Expiration Date;

(iv) Lessee shall have paid all fees and expenses due and owing with respect to the Overall Transaction on or prior to the Acceptance Date; and

(v) Lessor shall have received such other documents, appraisals, certificates, financing statements and other items, in form and substance satisfactory to Lessor, as Lessor may reasonably require.

4. Delivery and Acceptance of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining the Equipment or making delivery thereof. Lessor hereby appoints Lessee as Lessor's agent for the sole and limited purpose of accepting delivery of each item of the Equipment. On the Acceptance Date Lessee shall promptly inspect each item of Equipment, and unless Lessee gives Lessor prompt written notice of any defect in or other proper objection to any item of such Equipment, Lessee shall promptly upon completion of such inspection execute and deliver to Lessor the Lease Supplement, dated the Acceptance Date. Various items of the Equipment may have different Acceptance Dates that will be referenced in different Lease Supplements. Lessor shall also pay to the Seller the Acquisition Cost of the Seller's Equipment if all of the conditions precedent specified in Section 3 hereof have been fulfilled to Lessor's reasonable satisfaction. The execution of the Lease Supplement by Lessee and Lessor shall evidence that the each item of Equipment has been accepted under this Agreement, upon and subject to all of the terms, conditions and provisions hereof and shall constitute Lessee's unconditional and irrevocable acceptance of the Equipment for all purposes under this Agreement. Lessee's execution of the Lease Supplement shall constitute Lessee's acknowledgement and agreement that, as between Lessor and Lessee, each item of Equipment has been inspected to Lessee's satisfaction, is in good operating order, repair and condition, is of a size, design, capacity and manufacture selected by Lessee, that each item of Equipment is

duly certified or licensed by any governmental entity which is charged with issuing such certificates or licenses, that Lessee is satisfied that each item of Equipment is suitable for its purpose, that Lessor has made no warranty, expressed or implied, with respect to any item of Equipment and that Lessee has unconditionally accepted each item of Equipment under this Agreement.

5. Term. The Term for lease of the Equipment hereunder shall commence on the Acceptance Date, and unless sooner terminated in accordance with the provisions of this Agreement, shall end on the Expiration Date.

6. Expiration Date Delivery of Equipment.

(a) Delivery to Lessor. If this Agreement shall be in full force and effect and Lessee shall not have elected to purchase the Equipment in accordance with Section 29 hereof, then on the Expiration Date Lessee shall deliver, at Lessee's expense, the Equipment to Lessor (or to a third party to which the Equipment shall be sold pursuant to said Section 29). Lessee shall deliver the Equipment to a location or locations within the continental United States as specified in writing by Lessor or such third party recipient. The terms of this Section 6 shall apply to Lessee's delivery of the Equipment. At the time of such return to Lessor or delivery to the third party, each item of Equipment (and each part or component thereof) shall (i) be in good operating order in accordance with the "interchange rules" of the American Association of Railroads ("AAR") and the rules of the Federal Railroad Administration ("FRA"), and in the repair and condition as when originally delivered to Lessee, ordinary wear and tear from proper use thereof excepted, and refurbished where necessary, (ii) be capable of being immediately operated by a third party purchaser or third party lessee without further inspection, repair, replacement, alteration or improvement, (iii) be in accordance and compliance with any and all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of such item of Equipment, and (iv) be free and clear of all Liens, other than those granted or placed thereon by Lessor or Assignee.

7. Payments.

(a) Basic Payments. Lessee hereby agrees to pay Lessor Basic Payments for the Equipment throughout the Term, in consecutive monthly installments, in accordance with wire transfer instructions delivered by Lessor to Lessee. Each monthly installment shall be in an amount equal to the Basic Payment Factor set forth on Schedule A hereto multiplied by the Acquisition Cost. Each Basic Payment shall be payable in arrears, on the last day of the Basic Payment Period to which such Basic Payment corresponds.

(b) Supplemental Payments. Lessee agrees to pay Lessor, or to whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any such Supplemental Payment hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Payments.

(c) Method of Payment. If the date that any Payment is due is other than a Business Day the Payment otherwise payable on such date shall be payable on the next succeeding Business Day. All Basic Payments and Supplemental Payments required to be made by Lessee to Lessor hereunder shall be made in good funds and in United States dollars. In the event of any assignment to an Assignee pursuant to Section 14(b) hereof, all payments which are assigned to such Assignee, whether Basic Payments, Supplemental Payments or otherwise, shall be paid in the same manner specified herein for payments to Lessor at such address as shall be designated by such Assignee. Time is of the essence in connection with the payment of Basic Payments and Supplemental Payments.

8. Net Lease; Lessor Liens.

(a) Net Lease. This Agreement is a net lease and Lessee acknowledges and agrees that Lessee's obligations hereunder, including, without limitation, its obligations to pay all Payments payable hereunder, shall be absolute and unconditional under any and all circumstances and shall be paid without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any Assignee, or the manufacturer of any item of the Equipment, any Part or unit or component of the Equipment, or any other Person for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Agreement terminate, or the obligations of Lessee be otherwise affected, by reason of any defect in any item of the Equipment, any Part or unit or component of the Equipment, the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, any item of the Equipment, any Part or unit or component of the Equipment, or any Liens or rights of others with respect to any item of the Equipment, any Part or unit or component of the Equipment, any prohibition or interruption of or other restriction against Lessee's use, operation or possession of any item of the Equipment, any Part or unit or component of the Equipment, for any reason whatsoever, or any interference with such use, operation or possession by any Person or entity, or by reason of any failure by Lessor to perform any of its obligations herein contained, or by reason of any other indebtedness or liability, howsoever and whenever arising, or

Lessor or of any Assignee or of Lessee to any other Person, or by reason of any insolvency, bankruptcy or similar proceedings by or against Lessor, any Assignee, any guarantor of Lessee's obligations or Lessee, or for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that the Basic Payments and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Agreement.

(b) Lessor Liens. Notwithstanding Section 8(a), Lessor or Assignee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any item of Equipment (other than the security interest granted in this Agreement or any such Lien subject to a Lien Contest, hereinafter defined) ("Lessor Lien"). Lessor or Assignee shall, at its own expense, promptly pay, satisfy and otherwise take such action as may be necessary to keep each such item of Equipment free and clear of, and duly discharge, any Lessor Lien. Notwithstanding anything to the contrary in this Agreement, Lessee shall, at the end of the Term, have the right to setoff any Payment due hereunder by the amount of any Lessor Lien. Prior to any such setoff, Lessor or Assignee shall have the right to contest the validity of the Lessor Lien ("Lien Contest"). In the event of a Lien Contest, NSP shall have the right to withhold any amount subject to setoff until resolution by Lessor or Assignee of the Lien Contest.

9. Lessor's Title; Grant of Security Interest; Equipment to be and Remain Personal Property.

(a) Lessor's Title. Title to each item of the Equipment shall at all times remain in Lessor and at no time during the Term shall title become vested in Lessee.

(b) Grant of Security Interest; Equipment to be and Remain Personal Property. This Agreement is a lease intended as security. Lessee hereby grants to Lessor a security interest in the Equipment and all proceeds thereof as collateral security for the payment and performance by Lessee of Lessee's obligations as Lessee hereunder. It is the intention and understanding of both Lessor and Lessee, and Lessee shall take all such actions as may be required to assure, that the Equipment shall be and at all times remain personal property, notwithstanding the manner in which the Equipment may be attached or affixed to realty. Lessee shall obtain and record such instruments and take such steps as may be necessary to prevent any Person from acquiring any rights in the Equipment by reason of the Equipment being claimed or deemed to be real property. Upon request by Lessor, Lessee shall obtain and deliver to Lessor valid and effective waivers, in recordable form, by the owners, landlords and mortgagees of the real property upon which the Equipment or any item of Equipment

is located or certificates of Lessee that it is the owner of such real property or that such real property is not leased and/or mortgaged.

10. Use of Equipment; Compliance with Laws. Lessee agrees that each item of Equipment will be used and operated only (a) for purposes or operations in the ordinary course of its business and (b) in the manner set forth in, and in accordance with, the terms, conditions and provisions of the insurance policy or policies providing the coverages specified in Section 17 hereof. In no event shall Lessee use or operate any item of Equipment, or knowingly permit any item of Equipment to be used or operated, for any purpose for which such item of Equipment is not designed or reasonably suitable, or in any fashion that may reasonably subject such item of Equipment to any Liens, other than Permitted Liens, or in any area excluded from coverage by any such insurance policy or policies. Lessee further agrees that each item of Equipment will be used and operated in the conduct of Lessee's business and in compliance with all statutes, law, ordinances, rules and regulations of any Federal, state, local or foreign government or governmental authority having jurisdiction with respect to the use, operation, maintenance, condition and occupancy of any item of Equipment (including, without limitation, all zoning, environmental protection, pollution, sanitary and safety laws). Lessee will not load, use, operate, or store any item of Equipment, or knowingly permit the loading, using, operating or storing of any item of Equipment, in a negligent manner or otherwise in violation of this Agreement or so as to void any of the insurance coverages specified in Section 17 hereof respecting any item of Equipment. Lessee shall procure and maintain in effect all licenses, certificates, permits, approvals and consents required by Federal, state, local or foreign laws or by any governmental body, agency or authority, in connection with the delivery, use, operation, maintenance, condition and occupancy of each item of Equipment. The Equipment will at all times be and remain in the control of Lessee except as Lessee's relinquishment of control of an item of Equipment is specifically permitted by this Agreement and except while an item of Equipment is undergoing maintenance. To the extent that any applicable law requires the licensing or certification of an operator of any item of the Equipment, each such operator shall be duly licensed and currently certificated and qualified to operate such item of Equipment and authorized by the terms of (in accordance with the provisions and requirements of) the insurance policy or policies providing the coverages specified in Section 17 hereof.

11. Operation and Maintenance of Equipment. Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, in accordance with the "interchange rules" of the AAR and the rules of the FRA, and in compliance with such maintenance and repair standards and procedures as are set forth in the manufacturer's manuals pertaining to the Equipment, and as otherwise may be required to enforce warranty claims against each vendor and

manufacturer of each item of Equipment, and in compliance with all requirements of law applicable to the maintenance and condition of the Equipment. Lessee shall, at its own cost and expense, supply the necessary items required in the operation of the Equipment. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of Lessor.

12. Replacement of Parts; Alterations; Modifications and Additions. In case any part, component or unit of the Equipment is required to be altered or modified, or any equipment or appliance is required to be altered, added, replaced or modified on any item of Equipment or in either case in order to comply with the laws, regulations, requirements or rules ("Required Alteration") pursuant to Sections 10 or 11 hereof, Lessee agrees to make such Required Alteration at its own expense. Such Required Alteration shall immediately be and become the property of Lessor and subject to the terms of this Agreement. Lessee agrees that, within 30 days after the close of any calendar quarter in which Lessee has made any material Required Alteration, Lessee will give written notice thereof to Lessor describing, in reasonable detail, the Required Alteration and specifying the cost thereof and the date or dates when made. All parts, equipment and appliances incorporated or installed in or attached to any item of Equipment in connection with servicing, repairing, maintaining and overhauling any item of Equipment pursuant to the requirements of Sections 10 or 11 hereof ("Replacement") shall be considered accessions to such item of Equipment and shall immediately, without further act, be and become the property of Lessor and part of the Equipment. Lessee may, without the prior written consent of Lessor, affix or install any accessory, equipment or device on the Equipment or make any improvement or addition thereto other than a Required Alteration or Replacement ("Improvement"); provided that, (a) a nonremovable Improvement may only be made to the Equipment if such Improvement does not reduce the value of the Equipment and (b) any other Improvement may only be made to the Equipment if such Improvement is readily removable without causing damage to the Equipment or impairing the value, utility or condition the Equipment would have had if such Improvement had not been so affixed or installed. Improvements shall be considered accessions to the Equipment and shall immediately without further act, be and become the property of Lessor and part of the Equipment. At the time title to any replacement Part, equipment or appliance has become vested in Lessor pursuant to the provisions of this Section 12, title to the part, equipment or appliance replaced thereby shall thereupon vest in Lessee; provided, however, that in no event shall any Part, equipment or appliance which cannot be removed without causing damage to any item of Equipment vest in Lessee. In the event that Lessee undertakes to add a Required Alteration, Replacement or Improvement, the parties (to the extent each so elects in its sole discretion at such time) agree to negotiate in good faith for additional financing and incorporation into this Agreement or a separate agreement with a term identical to the remaining Term

under this Agreement. Other terms and conditions of such financing shall be negotiated in good faith between the parties.

13. Identification; Inspection; Reports.

(a) Lessee shall, promptly after the Acceptance Date, mark each item of the Equipment so as to identify that such item is owned by Lessor.

(b) Lessor shall have the right on any Business Day during normal business hours and upon reasonable notice to Lessee to inspect (i) the Equipment (at Lessee's facilities or the facilities of any entity then in possession of such Equipment) and (ii) Lessee's records with respect thereto; provided, however, Lessor will conduct no such inspection which is reasonably likely to disrupt Lessee's business operations. Lessor shall only conduct such inspections, or cause such inspections to be conducted, as Lessor deems necessary or appropriate to confirm the existence and proper maintenance of the Equipment. Upon receipt of Lessor's notice requesting to inspect certain Equipment, Lessee shall promptly notify Lessor of the location of the Equipment and shall make all necessary arrangements with the entity then in possession of the Equipment to facilitate the inspection.

(c) Upon Lessor's request the Lessee shall furnish Lessor with an accurate statement showing the then current location of each item of the Equipment, such requests not to exceed one time per year.

14. Assignment, Sublease or Transfer; Assignment; Consolidation and Merger.

(a) Assignment, Sublease or Other Transfer by Lessee. LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR (WHICH SHALL NOT BE UNREASONABLY WITHHELD), ASSIGN, SUBLEASE OR OTHERWISE TRANSFER ITS RIGHTS OR OBLIGATIONS HEREUNDER FOR A PERIOD EXCEEDING THE GREATER OF THREE MONTHS OR THE REMAINDER OF THE TERM, AND ANY ATTEMPTED ASSIGNMENT, SUBLEASE OR OTHER TRANSFER BY LESSEE FOR A PERIOD EXCEEDING THE GREATER OF THREE MONTHS OR THE REMAINDER OF THE TERM WITHOUT SUCH LESSOR CONSENT SHALL BE NULL AND VOID.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing hereunder, Lessee shall have the right to permit the use of the Equipment in the usual interchange of traffic, provided that Lessee's obligations hereunder shall remain in full force and effect. No assignment, sublease or other transfer by Lessee shall reduce any of the obligations of Lessee hereunder or the rights of Lessor hereunder, and all of the obligations of Lessee hereunder shall be and remain primary and shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety. Lessee shall furnish to Lessor not later than the effective date of such sublease (i) new insurance certificates

from Lessee's insurance broker, in form and substance satisfactory to Lessor, indicating compliance with the insurance provisions of this Agreement and (ii) an officer's certificate from Lessee naming the sublessee and specifying the address for the sublessee's principal place of business. Lessee shall, and shall cause such sublessee to, execute and deliver such instruments to the appropriate Person for filing and to deliver copies of the same to Lessor (including sublease agreements and Uniform Commercial Code financing statements) as may be requested by Lessor in connection with any such sublease.

(b) Assignment By Lessor. Subject to the requirements of Section 8(b) hereof, Lessor may at any time (i) assign, sell or transfer, in whole or in part, Lessor's right, title and interest in, to and under this Agreement and the Lease Supplement, including, without limitation, the right to receive any or all Payments payable under this Agreement and under the Lease Supplement with respect to the Equipment, and (ii) sell or transfer all of Lessor's right, title and interest in and to the Equipment (provided, however, such assignment, sale or transfer shall not be permitted if such assignee, purchaser or transferee has, over the past five years, an average yearly net worth of less than \$150,000,000). Each such assignee of Lessor's rights (an "Assignee") shall have all of Lessor's right, title and interest hereunder to the extent that the same relate to the interest of the Assignee covered by the assignment, including, without limitation, the right to receive such Assignee's portion of the Basic Payments payable for the Equipment for all Basic Payment Periods commencing on or after the date of such assignment, the right to receive such Assignee's portion of the Supplemental Payments which are payable as a result of acts or events which occur on or after the date of such assignment and the right to enforce, either in such Assignee's name or in Lessor's name, but without cost or expense to Lessor, all of Lessor's rights hereunder assigned to such Assignee. Such Assignee may re-assign all or a portion of such right, title and interest. Any such assignment shall be subject to Lessee's rights hereunder so long as no Event of Default has occurred and is continuing hereunder. Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from Lessor. Upon written notice from Lessor to Lessee of such assignment, Lessee agrees to pay the Basic Payments and Supplemental Payments to the Assignee in accordance with the terms of this Agreement supplemented by the instructions specified in such notice, to give all notices which are required or permitted to be given by Lessee to Lessor hereunder to the Person(s) specified to receive the same in such notice of assignment and to otherwise comply with all reasonable notices, directions and demands which may be given by such Assignee in accordance with the provisions of this Agreement. Lessee agrees to deliver to any Assignee an acknowledgement of the assignment together with an opinion of Lessee's counsel regarding the validity and enforceability of this Agreement against Lessee, an incumbency certificate of Lessee and such authorizing resolutions as such Assignee may reasonably request; provided, however, all

out of pocket fees and expenses incurred by Lessee in connection with the production or delivery of the foregoing documents referenced previously in this sentence shall be for the account of Lessor or such Assignee, as agreed to by such parties.

(c) Consolidation, Merger, Conveyance, Transfer and Lease By Lessee. Lessee shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(i) Lessee is the surviving entity of any such consolidation or merger; or

(ii) (A) the corporation formed by such consolidation or into which Lessee is merged, or the Person which acquires by conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety, shall be a solvent corporation organized and existing under the laws of the United States or any state thereof or the District of Columbia and shall execute and deliver to Lessor an agreement containing an effective assumption by such successor, transferee or lessee corporation of the due and punctual performance and observance of each covenant and condition of this Agreement; provided any conveyance, transfer or lease of substantially all of its assets shall not release Lessee from its obligations under this Agreement, which obligations shall at all times remain primary and direct;

(B) immediately prior to and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(C) immediately after giving effect to such transaction, the consolidated tangible net worth (computed on the same basis as the Consolidated Tangible Net Worth) of the corporation formed by such consolidation or into which Lessee is merged or the Person which acquired by conveyance, transfer or lease substantially all the assets of Lessee as an entirety, as the case may be, shall not be less than 100% of the Consolidated Tangible Net Worth of Lessee as reflected in Lessee's then most recent audited financial statements furnished by Lessee pursuant hereto prior to such consolidation, merger, conveyance, transfer or lease; and

(D) Lessee shall have delivered to Lessor a certificate signed by two officers, one of whom shall be the President or a Vice President, and one of whom shall be the Treasurer or the Secretary or an Assistant Secretary of Lessee, and an opinion of Lessee's counsel satisfactory in form and substance to Lessor stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in

clause 14(c)(ii)(A) above comply with the requirements of this Section 14(c) and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger in which Lessee is not the surviving corporation, or any conveyance, transfer or lease of substantially all the assets of Lessee as an entirety in accordance with this Section 14(c), the successor corporation formed by such consolidation or into which Lessee is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for (but without release of Lessee from any of its obligations hereunder with respect to any conveyance, transfer or lease of substantially all the assets of Lessee as an entirety), and may exercise every right and power of, Lessee under this Agreement with the same effect as if such successor corporation had been named as a Lessee herein.

15. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any item of Equipment, or Lessor's title thereof, except the following (collectively, the "Permitted Liens"): (a) any Lien granted to Lessor hereunder or granted or placed thereon by Lessor as a result of an assignment pursuant to Section 14(b) hereof, (b) any Lien resulting from an independent act of or claim against Lessor which does not result from, arise out of or relate to the manufacture, acquisition, ownership or leasing of such item of Equipment or this Agreement or the Lease Supplement or any Default or Event of Default, (c) any Lien for taxes either not yet delinquent or which are the subject of a Permitted Contest, and (d) any materialmen's, mechanics', workmen's, repairmen's or employees' lien or any other like lien arising in the ordinary course of business, which is not delinquent or the subject of a Permitted Contest. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep each item of Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and any Assignee in writing promptly upon becoming aware of any tax or other Lien (other than any Lien excepted above) that shall attach to any item of Equipment and of the full particulars thereof.

16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to the Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to the Equipment from the Acceptance Date, and continuing until the Equipment has been delivered in accordance with the provisions of Section 6 hereof or has been purchased by Lessee in accordance with the provisions of Section 29 hereof. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in

whole or in part, any obligation of Lessee under this Agreement, including, without limitation, the obligation to make Payments.

(b) Event of Loss with Respect to Equipment.

(i) Upon the occurrence of an Event of Loss with respect to any item of Equipment during the Term, Lessee shall forthwith (and in any event within 10 days after such occurrence) give Lessor written notice of such Event of Loss and of its election to perform one of the following options (it being agreed that if Lessee shall not have given Lessor notice of such election within such 10 days after such occurrence, Lessee shall be deemed to have elected to perform the option set forth in the following clause (B)), provided that Lessee shall not have the right to select the option set forth in the following clause (A) if a Default or Event of Default shall have occurred and be continuing and in such circumstance shall be deemed to have selected the option set forth in the following clause (B):

(A) As promptly as practicable, and in any event within 60 days of the occurrence of such Event of Loss, Lessee shall: (I) convey or cause to be conveyed to Lessor pursuant to Section 16(b)(ii), and to be leased by Lessee hereunder in replacement for such item of Equipment, a replacement item (the "Replacement Item"), such Replacement Item to be free and clear of all Liens (other than Permitted Liens) and to have a value and utility at least equal to, and be in as good operating condition as, the item of Equipment with respect to which such Event of Loss occurred, assuming such item of Equipment was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss; or (II) deposit an amount equal to the value of a Replacement Item into a mutually agreed upon escrow account while such Replacement Item is being manufactured if such manufacture exceeds the period of 60 days; provided that, if Lessee shall not perform its obligation to effect such replacement under this clause (A) during the period of time provided herein, then Lessee shall promptly give notice to Lessor, and shall be deemed (whether or not Lessee shall have so given such notice) to have elected to perform the option set forth in clause (B) below by the date and pursuant to the terms specified in said clause. (Notwithstanding such Event of Loss, Lessee's obligation to pay Basic Payments shall continue.)

(B) On the Casualty Loss Value Date next following the earlier of 60 days after the occurrence of such Event of Loss and the date of receipt of insurance proceeds in respect of such occurrence, Lessee shall pay Lessor the sum of (i) the Casualty

Loss Value (computed as of the Casualty Loss Value Date on which such payment is to be made), plus (ii) all accrued and unpaid Basic Payments (and/or any pro rata portion thereof) owing for all Basic Payment Periods (and/or any pro rata portion thereof) prior to such Casualty Loss Value Date, plus (iii) all Supplemental Payments then due and owing. Upon payment in full of amounts specified in clauses (i) through (iii) of the preceding sentence, (A) the obligation of Lessee to pay Basic Payments hereunder, with respect to such item of Equipment for all Basic Payment Periods commencing after the occurrence of such Event of Loss shall terminate, (B) the Term shall end with respect to such item of Equipment, and (C) Lessor shall transfer to Lessee, or Lessee's designee, its title to such item of Equipment.

(ii) Conveyance of Replacement Equipment. Prior to or at the time of any conveyance of a Replacement Item, Lessee, at its own expense, will furnish, or cause to be furnished, to the Lessor the following documents which shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect on the date of such conveyance:

(A) with respect to any such Replacement Item, a full warranty bill of sale and UCC-1 financing statements, in form and substance satisfactory to Lessor;

(B) a supplement to this Lease, and if a Permitted Sublease is in force and effect to such Permitted Sublease, in each case in form and substance satisfactory to such parties covering such Replacement Item, if any, duly executed by Lessee and the sublessee under the Permitted Sublease, if any;

(C) such evidence of compliance with the insurance provisions of this Agreement with respect to such Replacement Item, as Lessor may reasonably request, including an independent insurance broker's report (stating the opinion of such insurance broker that such insurance complies with the terms of this Agreement) with certificates of insurance;

(D) an opinion of Lessee's counsel (and such other opinions or evidence of title as Lessor or its counsel may reasonably request) to the effect that, upon such conveyance, Lessor will acquire good and marketable title to such Replacement Item, free and clear of all Liens other than Permitted Liens, and that such Replacement Item will be leased hereunder and subleased under the Permitted Sublease, if any; and

(E) such other documents and evidence with respect to Lessee as Lessor or its counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 16(b), the taking of all corporate proceedings in connection with and compliance with the conditions set forth in this Section 16(b), in each case in form and substance satisfactory to Lessor.

Upon full compliance by Lessee with the terms of this Section 16(b), Lessor shall convey to Lessee, at Lessee's cost and expense, all of Lessor's right, title and interest, as-is, where-is, without recourse or warranty, express or implied, in and to such replaced item of Equipment, with respect to which Event of Loss occurred. Except as provided in Section 16(b) (i) (B), no Event of Loss with respect to an item of Equipment under the circumstances contemplated by the terms of this Section 16(b) shall result in any reduction in Basic Payments or Lessee's obligation to pay Basic Payments hereunder.

Lessee further agrees to take such further action as Lessor may reasonably request with respect to such Replacement Item to perfect the interest of Lessor in such Replacement Item.

(c) Application of Other Payments Upon Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or by Lessee from any insurer, governmental authority or other party as a result of the occurrence of an Event of Loss will be applied as follows: (i) any such payments received at any time by Lessee shall be promptly paid to Lessor for application pursuant to the following provisions of this Section 16(c); (ii) so much of such payments as shall not exceed the amount of the Casualty Loss Value required to be paid by Lessee pursuant to Section 16(b) hereof shall be applied in reduction of Lessee's obligation to pay such amount, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amount, unless a Default or an Event of Default shall have occurred and be continuing; and (iii) the balance, if any, of such payments remaining thereafter shall be paid to or retained by Lessee, unless a Default or an Event of Default shall have occurred and be continuing.

(d) Application of Payments Not Relating to an Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any insurer, governmental authority or other party with respect to any condemnation, confiscation, theft or seizure of, or requisition of title to or use of, or loss or damage to, any item of the Equipment not constituting an Event of Loss, will be applied directly in payment of repairs or for replacement of property in accordance with the provisions of Sections 11 and 12 hereof, if not already paid by Lessee, or if already paid by Lessee and if no Default or Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such

payment, and any balance remaining after compliance with said Sections 11 and 12 with respect to such loss or damage shall be paid to or retained by Lessee.

17. Insurance.

(a) Coverage. Lessee shall maintain:

(i) property damage insurance with respect to the Equipment insuring against loss or damage from fire and normal extended coverage perils customarily included in policies available with respect to property comparable to the Equipment;

(ii) comprehensive general public liability, including blanket contractual, personal injury, property damage and loss of use of property of others, insurance applicable to the Equipment in such amounts usually carried by Persons in the same industry as Lessee in the same general region but in any event with a combined single limit of not less than \$25,000,000.00; and

(iii) such other insurance with respect to the Equipment in such amounts and against such insurable hazards as is usually carried by Persons in the same industry as Lessee in the same general region, but any loss of the type customarily covered by the policies described in Sections 17(a)(i and ii), whether actually covered in whole or in part by such policies, shall be the responsibility of Lessee and the absence of such coverage shall not relieve Lessee from any of its obligations under any of the documents or agreements related to the Overall Transaction;

provided, however, that the amount of insurance coverage specified in paragraph (i) above with respect to the Equipment shall not in any event be less than the Casualty Loss Value of the Equipment as it may change from time to time.

All insurance policies carried in accordance with this Section 17(a) shall be maintained with insurers of recognized responsibility and standing in the industry.

Notwithstanding anything to the contrary in this Section 17, Lessee shall at all times maintain insurance with respect to the Equipment in accordance with its standard corporate minimum practice with respect to other similar equipment.

(b) Policy. Any insurance policy maintained by Lessee pursuant to Section 17(a) hereof shall:

(i) specify Lessor as the loss payee with respect to property damage insurance and as an additional insured with respect to liability insurance;

(ii) not provide for claims by the insurer of any claims for insurance premiums or commissions or (if such policies provide for the payment thereof) additional premiums or assessments against Lessor;

(iii) provide that in respect of the interests of Lessor such property damage policies shall not be invalidated by any action or inaction of Lessee or any other Person and shall insure the rights and interests of Lessor regardless of, and any claims for losses shall be payable notwithstanding any act of negligence, including any breach of any condition or warranty in any policy of insurance, by Lessee or any other Person;

(iv) provide that any cancellation thereof or material adverse change therein shall not be effective as to Lessor until at least 30 days after receipt by Lessor of written notice thereof;

(v) waive any right of subrogation of the insurers against Lessor and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Lessor;

(vi) not prohibit that the whole or any part of the right, title and interest of Lessor or Lessee therein may be assigned; and

(vii) subject to Section 17(a) hereof, be reasonably satisfactory to Lessor in all other material respects.

(c) Evidence of Insurance. Lessee shall deliver to Lessor by the Acceptance Date certificates of insurance evidencing the provisions described in Sections 17(a) and 17(b)(i-iii, iv and v) hereof executed by the insurer or its duly authorized agent.

(d) Annual Insurance Report. By the renewal date of each insurance policy referenced in Section 17(a), and within 30 days after any material adverse change (including any material increase in deductible amounts) in the information set forth in the certificates provided pursuant to Section 17(c) hereof, Lessee shall deliver to Lessor a certificate of insurance with respect to the same items as described in Section 17(c).

18. General Tax Indemnity. Lessee agrees to pay, and indemnify and hold Lessor and its successors and assigns harmless on an after-tax basis from, any and all Federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest therein (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, Lessee, or any

item of Equipment, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (a) any item of Equipment (b) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, re-leasing, possession, use, maintenance, registration, titling, licensing, documentation, return, sale (including, without limitation, sale to Lessee by Lessor pursuant to the terms hereof) or other application or disposition thereof, (c) the payments, receipts or earnings arising from the Equipment, or any Part, or (d) this Agreement, the Lease Supplement, or the Basic Payments and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to any taxes to the extent based upon or measured by Lessor's net income (unless such tax is a Covered Income Tax as hereinafter defined), and which are imposed or levied by any Federal, state or local taxing authority in the United States. For purposes hereof, a "Covered Income Tax" shall mean an income tax (including, without limitation, a tax imposed upon gross income or receipts) imposed on Lessor by any taxing authority (excluding the United States Federal government) in whose jurisdiction, Lessor (including for this purpose all entities with which it is combined, integrated or consolidated in such taxing authority's jurisdiction) would not engage in business, would not maintain an office or other place of business, and would not otherwise be located therein, but for Lessor's role in the Overall Transaction, the operation of the Equipment in such jurisdiction, the presence of Lessee or any use of the Equipment or the transactions contemplated by this Agreement.

Lessor shall promptly furnish Lessee with copies of any requests for information received by Lessor from any taxing authority relating to any taxes or other impositions with respect to which the Lessee is required to indemnify hereunder, and if a claim is made against Lessor for any such taxes or other impositions, with respect to which Lessee is liable for a payment or indemnity hereunder, Lessor shall give Lessee prompt notice in writing at least 45 days prior to the expiration of the time period for responding to such claim. The indemnity provided by this Section 18 shall not apply to the extent (i) Lessee is prevented from raising a challenge to such taxes or other impositions as a direct result of Lessor's failure to comply with its obligations set forth in the preceding sentence and (ii) such taxes or other impositions, if challenged within an appropriate period of time, would not have required payment. Lessee may, at its sole cost and expense, either in its own name or in the name of Lessor, contest the validity, applicability or amount of any such tax or other imposition by means of a Permitted Contest. If Lessor shall obtain a refund of any amount paid by Lessee pursuant to this Section 18, Lessor shall pay to Lessee the amount of such refund, together with the amount of any interest actually received by Lessor on account of such refund. Lessee will promptly notify Lessor of all reports or returns required to be made with respect to any tax or other imposition with respect to which Lessee is required to indemnify hereunder, and will

promptly provide Lessor with all information necessary for the making and timely filing of such reports or returns by Lessor. If Lessor requests that any such reports or returns be prepared and filed by Lessee, Lessee will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Lessee shall prepare such reports or returns for signature by Lessor, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to Lessor, at least 10 days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 18. All of the indemnities contained in this Section 18 shall continue in full force and effect notwithstanding the expiration or other termination of the Term and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee.

19. Indemnification. Lessee hereby assumes liability for, and does hereby agree, whether or not any of the transactions contemplated hereby are consummated, to indemnify, protect, save, defend, and hold harmless Lessor, each Assignee, and their respective officers, directors, successors, assigns, agents and servants (each such party being herein, for purpose of this Section 19, called an "indemnified party") from and against any and all obligations, fees, liabilities, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses, including, without limitation, reasonable legal expenses, of every kind and nature whatsoever imposed on, incurred by, or asserted against any indemnified party, in any way relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, acceptance, leasing, subleasing, possession, use, operation, maintenance, storage, removal, sale, delivery or other disposition of the Equipment, or any portion thereof, including, without limitation, any of such as may arise from (i) loss or damage to any property or death or injury to any person, (ii) patent or latent defects in any item of Equipment (whether or not discoverable by Lessee or any indemnified party), (iii) any claims based on strict liability in tort or otherwise, (iv) any claims based on patent, trademark or copyright infringement, and (v) any claims based on liability arising under the applicable environmental or noise or pollution control law or regulation, (b) any failure on the part of Lessee to perform or comply with any of the terms of this Agreement, but excluding any claim based upon any failure on the part of Lessor to comply with any of Lessor's obligations under this Agreement. Lessee shall not be required to indemnify any indemnified party for any claims resulting from acts which would constitute [the willful misconduct or gross negligence] of such indemnified party or (c) any claims, encumbrances, security interests, liens or legal processes regarding Lessor's title to the Equipment. Lessee shall give each indemnified party prompt notice of any occurrence, event or condition known to Lessee as a consequence

of which any indemnified party is or is reasonably likely to be entitled to indemnification hereunder. Lessee shall forthwith upon demand of any such indemnified party reimburse such indemnified party for amounts expended by it in connection with any of the foregoing or pay such amounts directly. Lessee shall be subrogated to an indemnified party's rights in any matter with respect to which Lessee has actually reimbursed such indemnified party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 19. In case any action, suit or proceeding is brought against any indemnified party in connection with any claim indemnified against hereunder, such indemnified party will, after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof, enclosing a copy of all papers served upon such indemnified party. Lessee may, and upon such indemnified party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or at Lessee's option cause the same to be resisted or defended by counsel selected by Lessee and consented to by such indemnified party (such consent not to be unreasonably withheld); and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by such indemnified party in connection with such action, suit or proceeding. In no event shall the indemnified party enter into any settlement of any proceeding unless Lessee shall have consented to the same in writing. Lessee shall have control of any defense, and the indemnified party shall take no action without Lessee's approval. The provisions of this Section 19, and the obligations of Lessee under this Section 19, shall apply from the date of the execution of this Agreement and shall survive the expiration or earlier termination of this Agreement and of the Term.

20. NO WARRANTIES. LESSOR LEASES THE EQUIPMENT TO LESSEE ON AN AS-IS, WHERE-IS BASIS AND LESSOR EXPRESSLY DISCLAIMS AND MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE EQUIPMENT, THE DESIGN OR CONDITION OF EQUIPMENT, ITS MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, OR ANY OTHER MATTER CONCERNING, ANY ITEM OF THE EQUIPMENT OR THE FINANCING THEREOF (WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES). LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING, WITHOUT LIMITATION, INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY ANY ITEM OF THE EQUIPMENT OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSEE), IN ANY ITEM OF THE EQUIPMENT, OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF ANY ITEM OF THE EQUIPMENT OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE ANY ITEM OF THE EQUIPMENT FOR ANY

REASON WHATSOEVER. So long and only so long as an Event of Default shall not have occurred and be continuing, and so long and only so long as all of the Equipment shall be subject to this Agreement and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's sole expense, to assert for Lessor's account, all rights and powers of Lessor under the Purchase Agreement and any other manufacturer's vendor's or dealer's warranty on any item of Equipment; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization.

21. Lessee's Representations and Warranties. Lessee hereby represents and warrants to Lessor that:

(a) Due Organization and Existence. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and is qualified to do business in each jurisdiction in which such qualification is necessary in order for Lessee to carry on its business and to perform its obligations hereunder, and is in good standing under the laws of each jurisdiction in which the failure to be in good standing would have a material adverse effect on the condition (financial or otherwise) of Lessee;

(b) Power and Authority. Lessee has the corporate power and authority to execute and perform this Agreement and to lease the Equipment hereunder, and has duly authorized the execution, delivery and performance of this Agreement, the Lease Supplement and the other related instruments and documents;

(c) Due Authorization. The leasing of the Equipment from Lessor by Lessee, the execution and delivery of this Agreement, the Lease Supplement, each other related instrument, document and agreement, and the compliance by Lessee with the terms hereof and thereof, and the payment and performance by Lessee of all of its obligations hereunder and thereunder (i) has been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) is not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's articles of incorporation, by-laws or of any provisions of any agreements relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provisions of applicable law, any applicable order of any court or other agency of government, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or any instrument, or result in the creation or imposition of any Lien upon any of Lessee's property or assets;

(d) Enforceability. This Agreement and the Lease Supplement have been executed by the duly authorized officer or officers of Lessee and delivered to Lessor and constitute, the legal, valid and binding obligations of Lessee, enforceable in accordance with their terms;

(e) No Consents. Neither the execution and delivery of this Agreement or the Lease Supplement by Lessee nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, nor the sale of the Equipment by any Seller to Lessor for the purpose of leasing the same to Lessee under this Agreement requires the consent or approval of, the giving of notice to, the registration, filing or recording with or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency;

(f) No Liens. No mortgage, deed of trust, or other Lien (other than the Lien granted to Lessor hereunder) which now covers or affects, or which may hereafter cover or affect, any property or interest therein of Lessee, now attaches or hereafter will attach to any item of Equipment, or in any manner affects or will affect adversely Lessor's rights and interests therein;

(g) Financial Statements. All balance sheets, statements of profit and loss and other financial data that have been delivered to Lessor with respect to Lessee (i) are complete and correct in all material respects, (ii) accurately present the financial condition of Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished and (iii) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; all balance sheets disclose all known material liabilities, direct and contingent, as of their respective dates, and there has been no change in the condition of Lessee, financial or otherwise, since the date of the most recent financial statements delivered to Lessor with respect to Lessee other than changes in the ordinary course of business, none of which changes, either separately or in the aggregate, has been materially adverse;

(h) No Litigation. There is no litigation or any other proceedings now pending or, to the knowledge of Lessee threatened, against or affecting Lessee, in any court or before any regulatory commission, board or other administrative governmental agency which would directly or indirectly, adversely affect or impair the title of Lessor to the Equipment, or which, in the reasonable opinion of Lessee's management, is likely to affect materially and adversely, the business, operations or condition of Lessee (financial or otherwise), other than as disclosed in Lessee's financial statements;

(i) Income Tax Return. Lessee has filed all United States income tax returns which are required to be filed, and has paid, or made provisions for the payment of, all taxes which have

or may become due pursuant to said returns or pursuant to any assessment received by Lessee, except such taxes, if any, as are being contested by means of a Permitted Contest;

(j) ERISA. Lessee has not entered into the Overall Transaction, directly or indirectly, in connection with any arrangement in any way involving any employee benefit plan or related trust to which it is a party in interest, all within the meaning of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended;

(k) Investment Company. Lessee is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended;

(l) Taxes. All sales, use, documentation or similar taxes, fees or other charges due and payable prior to or as of the date hereof have been paid to the extent such are in connection with the sale to and purchase by Lessor of the Equipment and/or the leasing of the Equipment by Lessor to Lessee;

(m) No Offer to Sell or Assign. Lessee has not offered any interest in this Agreement, the Payments, or the Equipment or any similar security for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than Lessor and as to Lessor, after reasonable inquiry, Lessee does believe that Lessor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of such an investment; and

(n) Invoices. Lessee shall promptly deliver or cause to be delivered to Lessor true, correct and complete copies of all acceptance certificates for the Equipment and all invoices for the Equipment. Such invoices shall be delivered within 30 days of the closing for each delivery of Equipment.

22. Events of Default. Any of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary, or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Payment. Lessee shall fail to make (i) any Basic Payments within 5 days after the same is due and payable or (ii) any Supplemental Payment within 10 days after receipt of written notice to Lessee that the same is due and payable; or

(b) Certain Covenants. Lessee shall fail to observe or perform any of the covenants or agreements of Lessee set forth in Sections 6, 8, 14(a), 14(c), 15, 17 or 29 hereof; or

(c) Other Covenants. Lessee shall fail to perform or observe any other covenant, express condition, or agreement to be performed or observed by it under this Agreement, or in any agreement or certificate furnished to Lessor in connection herewith, and such failure shall continue unremedied for 60 days after written notice to Lessee specifying such failure and demanding the same to be remedied; provided, however, that if Lessee shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of Lessee in attempting to cure such failure, such failure is not cured within said 60 day period but is curable with future due diligence, there shall exist no Event of Default under this Section 22 for such further time, not to exceed 90 days, as may reasonably be required to effect such cure, so long as Lessee is proceeding with due diligence to cure such failure; or

(d) Default under Other Documents. Lessee shall be in default under any lease, loan agreement or other agreement, instrument or document, now or hereafter entered into between Lessee and Lessor; or

(e) Bankruptcy; Insolvency. Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent and shall not be dismissed for a period of 60 days; or any petition for the relief, reorganization or arrangement of Lessee or any other petition in bankruptcy or for the liquidation, insolvency or dissolution of Lessee shall be filed by or against Lessee and, if filed against Lessee shall be consented to or be pending and not dismissed for a period of 60 days; or an order for relief under any bankruptcy or insolvency law shall be entered by any court or governmental authority of competent jurisdiction with respect to Lessee; or any execution or writ of process shall be issued under any action or proceeding against Lessee whereby any item of Equipment may be taken or restrained; or Lessee's corporate existence shall cease; or Lessee shall, without Lessor's prior written consent, sell, transfer or dispose of, or pledge or otherwise encumber, all or substantially all of its assets or property, or consolidate or merge with any other entity, or engage in any form of corporate reorganization; or

(f) Misrepresentation. Any representation, warranty, statement or certification made by Lessee under this Agreement or in the Lease Supplement or in any document or certificate furnished to Lessor in connection herewith or pursuant hereto) shall prove to be untrue or incorrect when made in any material respect, or shall be breached in any material respect.

23. Remedies Upon Default. Upon the occurrence of any Event of Default, and at any time thereafter so long as the same shall be continuing, Lessor may exercise one or more of the following remedies with respect to the Equipment or any part thereof as Lessor in its sole discretion shall elect:

(a) Return of Equipment. Lessor may cause Lessee, upon the demand of Lessor and at Lessee's expense, to, and Lessee shall, promptly return the Equipment (or any item thereof) as Lessor may demand to Lessor at such location in the continental United States as selected by Lessor in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 6 hereof as if the Equipment were being returned at the end of the Term; or Lessor, at its option, may enter upon the premises where the Equipment is located or believed to be located and take immediate possession of and remove the Equipment (or any items thereof) without the necessity for first instituting proceedings, or by summary proceedings or otherwise, and Lessee shall comply therewith, all without liability to Lessor for or by reason for such entry or taking possession, excluding damage to property caused by such taking or otherwise;

(b) Sell, Use, Lease or Otherwise Employ Equipment. Lessor may (i) sell or otherwise dispose of the Equipment, at public or private sale and with or without notice to Lessee or advertisement, as Lessor may determine or (ii) hold, use, operate, lease to others or keep idle all or any part of the Equipment as Lessor, in its sole discretion, may determine, in the case of (i) or (ii) of this Section 23(b) free and clear of any rights of Lessee except as hereinafter set forth in this Section 23 and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto except to the extent required by Section 23(d) hereof in the event Lessor elects to exercise its rights under said Section 23(d) in lieu of its rights under Section 23(b) hereof;

(c) Excess of Casualty Loss Value over Fair Market Sales Value. Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Sections 23(a) or (b) hereof with respect to the Equipment, Lessor, by notice to Lessee specifying a payment date not earlier than the next Basic Payment Date, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, any Basic Payments with respect to the Equipment due on or before such payment date plus an amount equal to the excess, if any, of (i) the Casualty Loss Value for the Equipment, determined as of such payment date over (ii) the Fair Market Sales Value for such Equipment, computed as of the payment date specified pursuant to this Section 23(c), together with interest, to the extent permitted by applicable law, at the Overdue Rate on the amount of such excess, if any, from such payment date specified pursuant to this Section 23(c), to the date of actual payment of such amount;

(d) Excess of Casualty Loss Value over Sales Proceeds. In the event Lessor, pursuant to Section 23(b) hereof, shall have sold the Equipment, Lessor in lieu of exercising its rights under Section 23(c) hereof with respect to the Equipment, may, if it shall so elect, cause Lessee to pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for

loss of a bargain and not as a penalty (in lieu of the Basic Payments for the Equipment due after the date on which such sale occurs but in addition to any Basic Payments for the Equipment due on or up to the date on which such sale occurs), the amount of any deficiency of the net proceeds of such sale below the Casualty Loss Value of the Equipment, determined as of the date of such sale, together with interest, to the extent permitted by applicable law, at the Overdue Rate on the amount of such deficiency from the date as of which such Casualty Loss Value is determined to the date of actual payment; or

(e) Rescission. Rescind this Agreement as to the Equipment or exercise any other right or remedy which may be available under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

In addition, Lessee shall be liable for any and all Supplemental Payments due hereunder before or after any termination hereof, including all costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto including all costs and expenses incurred in connection with the return of the Equipment in accordance with the terms of Section 6 hereof or any appraisal of the Equipment. At any sale of the Equipment, Lessor may bid for and purchase such property. Except as otherwise expressly provided above, no remedy referred to in this Section 23 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be or be construed to be, a waiver of any future or subsequent Event of Default.

24. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 25 hereof, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder; provided, however, that no such payment, performance or compliance by Lessor shall be deemed to cure any Event of Default hereunder.

25. Late Charges. Lessee shall pay to Lessor, upon demand, to the extent permitted by applicable law, interest on any Basic Payment not paid when due, and on any Supplemental Payment or

other amount payable under this Agreement which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period) at a per annum rate equal to the lesser of the Transaction Rate plus 100 basis points (computed on the basis of the actual number of days elapsed over a year of 360 days) and the highest per annum interest rate permitted by law.

26. Further Assurances. Lessor and Lessee agree to cooperate in good faith and to execute and deliver such documents and further assurances consistent with and in clarification of the characterization and intent of the parties with respect to the Overall Transactions.

27. Lessee's Payment of Lessor's Expenses. Lessee further agrees, whether or not the transaction contemplated hereby is consummated, to pay the reasonable fees and expenses of Moore & Van Allen, Lessor's special counsel, not to exceed \$7500, and the reasonable fees and expenses of Lessor's ICC counsel, incurred in connection with the preparation and negotiations of this Agreement and the documents related hereto.

28. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing, and any such notice shall be deemed given when personally delivered or when deposited with a nationally recognized overnight delivery service, with the cost therefor prepaid, or in the United States mails, with proper postage prepaid, for first class certified mail, return receipt requested, addressed (a) if to Lessor or Lessee, at their respective addresses as set forth herein or at such other address as either of them shall, from time to time, designate in writing to the other, and (b) if to any Assignee, to the address of such Assignee as such Assignee shall designate, from time to time, in writing to Lessor and Lessee.

If to Lessor: NationsBanc Leasing Corporation
of North Carolina
NationsBank Corporate Center
100 North Tryon Street, NC1007-12-01
Charlotte, North Carolina 28255-0001
Attention: James T. Shaw, Jr.
Vice President

If to Lessee: Northern States Power Company
414 Nicollet Mall
Minneapolis, Minnesota 55401
Attention: Manager, Fuel Resources

29. Lessee's End of Term Purchase Option.

(a) Lessee Purchase or Third Party Purchase. If this Agreement shall not have been earlier terminated, Lessee, upon written notice to Lessor delivered not later than the Option Election Notice Date, shall elect one of the options described in Sections 29(b or c) hereof; provided, that Lessee shall be deemed to have elected the option described in Section 29(b) hereof if

Lessor does not receive such notice by the Option Election Notice Date and Lessor shall not be bound by Lessee's election of the option described in Section 29(c) hereof if a Default or Event of Default is continuing at the Expiration Date; provided, further that such election by Lessee once made shall be irrevocable.

(b) Lessee's Purchase. On the Expiration Date, Lessee shall purchase all (but not less than all) of the Equipment for an amount equal to fifty percent (50%) of Acquisition Cost. Lessee shall also pay to (i) Lessor all other Basic Payments and (ii) the appropriate parties all other Supplemental Payments then due and owing and all Sales Expenses. Lessor's sale of the Equipment shall be on an as-is, where-is basis, without recourse to or warranty by Lessor. If Lessee has exercised its purchase option, but has not prior to or on the Expiration Date paid all amounts for which it is obligated under this Section 29(b), then Lessor in its sole discretion may elect to refuse to sell the Equipment to Lessee.

(c) Third Party Purchase. Lessee shall solicit bona fide bids for the Equipment from prospective purchasers who are financially capable of purchasing the Equipment. If Lessee so elects and Lessor agrees, Lessor, acting as Lessee's agent, shall solicit such prospective purchasers for the Equipment. All bids received by Lessee or Lessor prior to the end of the Term shall be immediately certified to the other in writing, setting forth the amount of such bid and the name and address of the person or entity submitting such bid. If any bid is received from a bona fide prospective purchaser for an amount in excess of the Maximum Lessor Risk Amount, or if Lessor agrees in its reasonable discretion to accept a bid for less than the Maximum Lessor Risk Amount, then on the Expiration Date (i) Lessor shall sell the Equipment on an as-is, where-is basis, without recourse or warranty, to the highest bidder, (ii) such bidder shall pay Lessor the bid amount solely for the account of Lessor, (iii) Lessee shall pay, or cause to be paid, all Basic Payments and Supplemental Payments then due and owing and all Sales Expenses and (iv) Lessor shall promptly transfer title to the Equipment to such bidder. If Lessor (X) does not receive any bid in excess of the Maximum Lessor Risk Amount from a bona fide prospective purchaser and does not accept any bids received for less than the Maximum Lessor Risk Amount, or (Y) does not receive the bid amount from the third party purchaser on or prior to the Expiration Date, then on the Expiration Date, Lessee shall pay Lessor the Maximum Lessee Risk Amount (and all amounts referenced in Section 29(c)(iii)) and Lessor shall retain title to the Equipment.

(d) End of Term Adjustment. If the Net Proceeds of Sale are more than fifty percent (50%) of the Acquisition Cost, Lessor shall, on the Expiration Date, pay Lessee an amount equal to such excess as an adjustment to the Payments payable under this Agreement, provided that Lessor shall have the right to offset against such adjustment payable by Lessor, any amounts then due and payable from Lessee to Lessor. If the Net Proceeds

of Sale are less than fifty percent (50%) of the Acquisition Cost, Lessee shall, on the Expiration Date, pay to Lessor, an amount equal to such deficiency as an adjustment to the Payments payable under this Agreement, but in no event shall the amount Lessee is required to pay Lessor with respect to such deficiency exceed the Maximum Lessee Risk Amount.

30. Federal Tax Consequences. It is expressly agreed that for Federal income tax purposes the parties entered into the transaction contemplated by this Agreement intending such transaction to be characterized as a mere financing and for Lessee to be considered the owner of the Equipment for such tax purposes; provided, however, Lessor makes no representation or warranty as to the availability of such tax treatment. Consistent with this, Lessee intends to claim the cost recovery deductions associated with the Equipment, and Lessor agrees not to take an inconsistent position on its Federal income tax returns.

31. Financial Information. Lessee agrees to furnish Lessor (a) as soon as available, and in any event within 120 days after the last day of each fiscal year of Lessee, a copy of the consolidated balance sheet of Lessee and its consolidated subsidiaries as of the end of such fiscal year, and related consolidated statements of income and retained earnings of Lessee and its consolidated subsidiaries for such fiscal year, certified by an independent certified public accounting firm of recognized standing, each on a comparative basis with corresponding statements for the prior fiscal year, or a copy of Lessee's Form 10-K filed with the Securities and Exchange Commission for such fiscal year (if Lessee is subject to the reporting requirements under the rules and regulations promulgated by the Securities and Exchange Commission), and (b) within 60 days after the last day of each fiscal quarter of Lessee (except the last such fiscal quarter), a copy of the balance sheet as of the end of such quarter, and statement of income covering the fiscal year to date of Lessee and its consolidated subsidiaries, each on a comparative basis with the corresponding period of the prior year, all in reasonable detail and certified by the treasurer or principal financial officer of Lessee, or a copy of Lessee's Form 10-Q filed with the Securities and Exchange Commission, all such other financial statements and reports as Lessee shall send to the Securities and Exchange Commission.

32. Miscellaneous. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Agreement may be amended, altered, waived, discharged or terminated orally, but only by an instrument in writing signed by a duly authorized officer or the party against which the

enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and (subject to the restrictions of Section 14(a) hereof) Lessee. This Agreement, the Lease Supplement and each related instrument, document, agreement and certificate collectively constitute the entire agreement of Lessor and Lessee with respect to the financing of the Equipment, and cancels and supersedes any and all prior oral or written understandings with respect thereto. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of North Carolina, including all matters of construction, validity and performance. This Agreement may be executed in as many counterparts as shall be determined by the parties hereto when so executed, each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart.

33. Interest Rate Calculations. All rate calculations made pursuant to this Agreement (including, without limitation, any calculation of the Overdue Rate) shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

34. Acceptance of Equipment Referenced in Purchase Agreement. Lessee hereby agrees on or prior to the Acquisition Expiration Date to accept delivery of all items of the Equipment referenced in the Purchase Agreement and to have all such Equipment subjected to the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Lease Agreement to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION OF
NORTH CAROLINA

By: M. Randall Ross
Name: M. RANDALL ROSS
Title: VICE PRESIDENT

ATTEST:

By: Joan Y. Brown
Name: Joan Y. Brown Joan Y. Brown
Title: Secretary

(Corporate Seal)

NORTHERN STATES POWER COMPANY

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____ Secretary

(Corporate Seal)

COUNTERPART NO. _____ OF _____ SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Martha Jane Swetka, a Notary Public of the County and State aforesaid, certify that Joan Y. Brown personally came before me this day and acknowledged that she is Secretary of NationsBanc Leasing Corporation of North Carolina, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Joan Y. Brown as its Secretary.

WITNESS my hand and official stamp or seal, this 30th day of October, 1992.


Notary Public

My Commission Expires:

14 March 1993
(Notary Public)

Schedule A

Basic Payment Factor

The Basic Payment Factor shall be expressed as a percentage of Acquisition Cost and shall be set on the date of commencement of the Term for the items of the Equipment referenced in the particular Lease Supplement executed in connection with such items of the Equipment. The Basic Payment Factor for the Equipment shall equal the Transaction Rate, in effect on the date of commencement of the Term for such Equipment, plus 93 basis points. For illustrative purposes only, if the Term for any item of the Equipment had commenced on September 1, 1992, the Basic Payment Factor for such Equipment would have equalled 7.01% per annum.

Schedule B

Casualty Loss Value

The Casualty Loss Value shall be expressed as a percentage of Acquisition Cost and shall be set on the date of commencement of the Term for the items of the Equipment referenced in the particular Lease Supplement executed in connection with those items of the Equipment. The parties recognize and agree that the Casualty Loss Value may vary for different items of the Equipment based on the variance in the Transaction Rate on the date of commencement of the Term for such items of Equipment. The schedule set forth below is provided for illustrative purposes only and references the Casualty Loss Value percentages that would have applied if the date of commencement of the Term for certain items of Equipment occurred on September 1, 1992.

<u>Casualty Loss</u> <u>Value Date</u>	<u>Casualty Loss Value*</u>
September 30, 1992	101.000000
October 31, 1992	100.610149
November 30, 1992	100.218020
December 31, 1992	99.823600
January 31, 1993	99.426877
February 28, 1993	99.027836
March 31, 1993	98.626464
April 30, 1993	98.222747
May 31, 1993	97.816672
June 30, 1993	97.408225
July 31, 1993	96.997391
August 31, 1993	96.584158
September 30, 1993	96.168511
October 31, 1993	95.750435
November 30, 1993	95.329918
December 31, 1993	94.906944
January 31, 1994	94.481499
February 28, 1994	94.053568
March 31, 1994	93.623138
April 30, 1994	93.190194
May 31, 1994	92.754720
June 30, 1994	92.316703
July 31, 1994	91.876126
August 31, 1994	91.432976
September 30, 1994	90.987238
October 31, 1994	90.538895
November 30, 1994	90.087933
December 31, 1994	89.634337
January 31, 1995	89.178092
February 28, 1995	88.719181
March 31, 1995	88.257589
April 30, 1995	87.793300
May 31, 1995	87.326300

June 30, 1995	86.856571
July 31, 1995	86.384099
August 31, 1995	85.908866
September 30, 1995	85.430857
October 31, 1995	84.950056
November 30, 1995	84.466447
December 31, 1995	83.980012
January 31, 1996	83.490735
February 28, 1996	82.998601
March 31, 1996	82.503591
April 30, 1996	82.005690
May 31, 1996	81.504880
June 30, 1996	81.001145
July 31, 1996	80.494467
August 31, 1996	79.984829
September 30, 1996	79.472214
October 31, 1996	78.456604
November 30, 1996	77.937983
December 31, 1996	77.416332
January 31, 1997	76.891633
February 28, 1997	76.363870
March 31, 1997	75.833023
April 30, 1997	75.299075
May 31, 1997	74.762009
June 30, 1997	74.221804
July 31, 1997	73.678445
August 31, 1997	73.131911
September 30, 1997	72.582184
October 31, 1997	72.029246
November 30, 1997	71.473078
December 31, 1997	70.913661
January 31, 1998	70.350976
February 28, 1998	69.785004
March 31, 1998	69.215726
April 30, 1998	68.643122
May 31, 1998	68.067174
June 30, 1998	67.487861
July 31, 1998	66.905163
August 31, 1998	66.319062
September 30, 1998	65.729537
October 31, 1998	65.136568
November 30, 1998	64.540136
December 31, 1998	63.940219
January 31, 1999	63.336797
February 28, 1999	62.729851
March 31, 1999	62.119359
April 30, 1999	61.505301
May 31, 1999	60.887655
June 30, 1999	60.266402
July 31, 1999	59.641519
August 31, 1999	59.012986
September 30, 1999	58.380781
October 31, 1999	57.244884
November 30, 1999	56.605271
December 31, 1999	55.961922

January 31, 2000	55.314815
February 28, 2000	54.663928
March 31, 2000	54.009238
April 30, 2000	53.350724
May 31, 2000	52.688363
June 30, 2000	52.022133
July 31, 2000	51.352011
August 31, 2000	50.677974
September 30, 2000	50.000000

* Expressed as a percentage of Acquisition Cost.

Schedule C

The Maximum Lessee Risk Amount and the Maximum Lessor Risk Amount shall be specified on the respective Lease Supplement executed on the date of commencement of the Term for the various items of the Equipment.

EXHIBIT A

The Equipment shall include the various items referenced below as the "Trinity Coal Cars" which shall be subjected to the terms of this Agreement pursuant to the execution of Lease Supplements from time to time and may also include other equipment as may be subjected to the terms of this Agreement pursuant to the execution of a Lease Supplement in connection therewith.

Trinity Coal Cars:

4,155 cubic foot, 5 pocket, serial number and body-steel underframe mechanized rapid discharge II coal cars, Trinity design number HK-40123 dated June 12, 1992, NSPX 92-001 through 92-135.

Exhibit B

LEASE SUPPLEMENT AND ACCEPTANCE CERTIFICATE

This Lease Supplement and Acceptance Certificate is dated _____, and is executed by NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation ("Lessor") and NORTHERN STATES POWER COMPANY, a Minnesota corporation ("Lessee") pursuant to Section 4 of the Equipment Lease Agreement, dated as of November 2, 1992 between Lessee and Lessor (the "Agreement"). All capitalized terms used herein but not defined herein shall have the meanings given to such terms in the Agreement.

Lessee hereby acknowledges and agrees that the equipment specified on Annex A to this Lease Supplement and Acceptance Certificate (the "Equipment") has been delivered to Lessee on the date hereof at the delivery place described below, and that, as between Lessor and Lessee, the Equipment (a) has been inspected to the complete satisfaction of Lessee, (b) is in good operating order, repair and condition, (c) is of a size, design, capacity and manufacture selected by Lessee, (d) is suitable for Lessee's purposes, (e) has been unconditionally accepted by Lessee on the date hereof, for all purposes of the Agreement, and (f) is subject to all of the terms, conditions and provisions of the Agreement. Lessee further acknowledges, agrees and certifies that Lessor has made no warranty, express or implied, with respect to the Equipment and that the insurance policies, certificates or other documents evidencing the coverages required under the Agreement have been delivered to Lessor.

Lessee hereby leases from Lessor the Equipment upon and subject to all of the terms, conditions and provisions of the Agreement, and Lessor and Lessee further agree and state as follows:

1. Delivery Place for the Equipment: Chicago, Illinois.
2. The Acquisition Cost is \$_____.
3. The Term for the Equipment commences on _____ and ends on _____, both dates inclusive, unless sooner terminated in accordance with the provisions of the Agreement.
4. The Basic Payment for the Equipment for each monthly period of the Term is in an amount equal to the Basic Payment Factor multiplied by the Acquisition Cost.
5. The Maximum Lessee Risk Amount is _____%, expressed as a percentage of Acquisition Cost.
6. The Maximum Lessor Risk Amount is _____%, expressed as a percentage of Acquisition Cost.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Supplement and Acceptance Certificate to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION OF
NORTH CAROLINA

By: _____
Name: _____
Title: _____

NORTHERN STATES POWER COMPANY

By: _____
Name: _____
Title: _____

Annex A

Equipment Description

MASTER EQUIPMENT LEASE AGREEMENT

MASTER EQUIPMENT LEASE AGREEMENT, dated as of November 2, 1992 (as supplemented from time to time the "Agreement") between NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation (the "Lessor") having its principal place of business at NationsBank Corporate Center, 100 North Tryon Street, NC1007-12-01, Charlotte, North Carolina 28255-0001 and NORTHERN STATES POWER COMPANY, a Minnesota corporation (the "Lessee"), having its principal place of business at 414 Nicollet Mall, Minneapolis, Minnesota 55401.

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acceptance Date" means the date on which Lessor entered into the Overall Transaction with respect to the particular items of the Equipment and Lessee unconditionally accepted the Equipment for lease hereunder, as evidenced by the execution and delivery of the Lease Supplement related to the Equipment and dated such date.

"Acquisition Cost" means an amount equal to the sum of (a) the total cost paid by Lessor for or in connection with the Equipment, plus (b) all excise, sales and use taxes paid by Lessor on or with respect to the acquisition of the Equipment, plus (c) Transaction Costs, less (d) the total cost paid by Lessor for or in connection with those particular items of the Equipment which have been the subject of an Event of Loss and for which an amount equal to the Casualty Loss Value for such items of Equipment has been paid in full to Lessor.

"Acquisition Expiration Date" means March 31, 1993.

"Affiliate" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by Lessee.

"Appraisal Procedure" means the following procedure for determining the Fair Market Sales Value of any property: If either party to this Agreement shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 days after such notice is given, each party shall appoint a qualified independent

appraiser within 20 days. If one party, but not the other, appoints an appraiser pursuant to the preceding sentence, then the appropriately appointed appraiser shall conduct the appraisal. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Sales Value of such property within 30 days after his or their appointment. If the parties shall have appointed a single appraiser, his determination of values shall be final. If 2 appraisers shall be appointed, the values determined shall be averaged. The parties shall share equally the costs and expenses of the appraiser or the appraisers, as the case may be.

"Assignee" means any Person to whom Lessor or any Assignee has made any assignment, sale or transfer referred to in Section 14(b) hereof.

"Basic Payment" means the amounts payable for the Equipment during the Term pursuant to Section 7(a) hereof.

"Basic Payment Date" means each date on which a monthly Basic Payment is due and payable as provided in Section 7(a) hereof.

"Basic Payment Factor" means the Basic Payment Factor set forth on Schedule A hereto.

"Basic Payment Period" means each monthly period beginning with the date one (1) calendar month after the Acceptance Date and ending with the date immediately preceding the eighth annual anniversary of the Acceptance Date.

"Business Day" means any day other than a day on which banking institutions in the State of North Carolina are authorized or required by law to close.

"Casualty Loss Value" means as of any Casualty Loss Value Date during the Term an amount determined by multiplying (a) the Acquisition Cost for all Equipment subject to an Event of Loss for which a casualty loss payment has not been previously made under the Agreement by (b) the percentage set forth opposite such Casualty Loss Value Date on Schedule B hereto.

"Casualty Loss Value Date" means the last day of each Basic Payment Period for which Basic Payments are payable during the Term.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Consolidated Affiliate" means at any date any Affiliate or other entity the accounts of which would be consolidated with those of Lessee in its consolidated financial statements if such statements were prepared as of such date.

"Consolidated Tangible Net Worth" means at any date the consolidated stockholders' equity of Lessee and its Consolidated Affiliates, less their consolidated Intangible Assets, all determined as of such date. For purposes of this definition "Intangible Assets" means the amount (to the extent reflected in determining such consolidated stockholders' equity) of (a) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within 12 months after the acquisition of such business) in the book value of any assets owned by Lessee or a Consolidated Affiliate and (b) all goodwill, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible assets.

"Covered Income Tax" shall have the meaning given to such term in Section 18 hereof.

"Default" means any event which with the giving of notice or the passage of time or both would result in an Event of Default.

"Equipment" means the equipment described in Exhibit A hereto delivered on the Acceptance Date, together with any Parts (including replacement Parts) which may from time to time be incorporated in such equipment or other property and title to which shall have vested in Lessor.

"ERISA" shall have the meaning given to such term in Section 21(k) hereof.

"Event of Default" shall have the meaning given to such term in Section 22 hereof.

"Event of Loss" with respect to any item of Equipment means any of the following events: (a) loss of any item of Equipment or of the use thereof due to theft or disappearance during the Term, or the non-existence of any item of Equipment at the expiration or termination of the Term prior to its expiration, (b) destruction, damage beyond repair, or rendition of any item of Equipment permanently unfit for normal use for any reason whatsoever, (c) any damage to any item of Equipment which results in an insurance settlement with respect to such item of Equipment on the basis of a total loss, or (d) the condemnation, confiscation, seizure, or requisition of use or title to any item of Equipment by any governmental authority under the power of eminent domain or otherwise.

"Expiration Date" means the date immediately preceding the eighth annual anniversary date of the Acceptance Date.

"Fair Market Sales Value" means the value which would obtain in an arm's length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell. If the parties are unable to agree on the Fair Market Sales Value within 30 days of Lessor's giving of notice as

specified in Section 23(c) hereof, such Fair Market Sales Value shall be determined by the Appraisal Procedure.

"Improvement" shall have the meaning given to such term in Section 12 hereof.

"Lease Supplement" means a Lease Supplement and Acceptance Certificate substantially in the form of Exhibit B hereto, to be executed by Lessor and Lessee for the Equipment, in accordance with the provisions of Section 4 hereof.

"Liens" means any liens, mortgages, encumbrances, pledges or security interests of any kind.

"Maximum Cost" means the sum of \$7,900,000.00.

"Maximum Lessee Risk Amount" for the Equipment means the percentage set forth in Schedule C hereto under the heading Maximum Lessee Risk Amount multiplied by the Acquisition Cost.

"Maximum Lessor Risk Amount" for the Equipment means the percentage set forth in Schedule C hereto under the heading Maximum Lessor Risk Amount multiplied by the Acquisition Cost.

"Net Proceeds of Sale" means the net amount received by Lessor from a third party purchaser of the Equipment pursuant to a sale of the Equipment under Section 29(c) hereof.

"Option Election Notice Date" means the date seven and one-half (7-1/2) years after the Acceptance Date.

"Overall Transaction" means all of those transactions referred to in, provided for in, or contemplated by, this Agreement, including, without limitation, the financing, operation and management of the Equipment.

"Overdue Rate" means the lesser of the maximum rate permitted by applicable law and a per annum interest rate equal to the Transaction Rate for the Equipment plus 100 basis points.

"Parts" means all appliances, parts, instruments, appurtenances, accessories and miscellaneous property of whatever nature that may from time to time be incorporated or installed in or attached to or otherwise part of the Equipment.

"Payments" means Basic Payments and Supplemental Payments.

"Permitted Contests" means any contest by Lessee with respect to any Lien, tax or imposition referred to in Sections 15 or 18 hereof, and any contest by Lessor with respect to any Lien, tax or imposition referred to in Section 8(b) hereof, so long as Lessee or Lessor (as the case may be) shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its liability therefor, by appropriate proceedings which do not result in (a) the collection of, or other

realization upon, the tax, assessment, levy, fee, rent, charge, lien or encumbrance so contested, (b) the sale, forfeiture or loss of any item of Equipment or any Part, or the Payments or any portion thereof, (c) any interference with the quiet enjoyment and use of any item of Equipment or any Part thereof, or (d) any interference with the payment of the Payments or any portion thereof. The party initiating any such contest shall pay, and save harmless the other party against, any and all losses, judgments, decrees and costs (including, without limitation, all reasonable attorneys' fees and expenses) in connection with any such contest and shall promptly after the final settlement, compromise or determination (including any appeals) of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interests, costs and expenses thereof or in connection therewith, and perform all acts, the performance of which shall be ordered or decreed as a result thereof.

"Permitted Lien" means a Lien permitted by the provisions of Section 15 hereof.

"Permitted Sublease" means a sublease (a) which complies with the requirements of Section 14 hereof (b) the term of which shall in no event exceed the then remaining portion of the Term and (c) immediately prior to the commencement of the term of which, and after giving effect to which, there shall exist no Default or Event of Default.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"Purchase Agreement" means the Purchase Agreement dated as of the date hereof between the Seller and Lessor.

"Replacement" shall have the meaning given to such term in Section 12 hereof.

"Replacement Item" means any item of equipment conveyed to Lessor pursuant to Section 16(b) hereof in replacement of any item of Equipment.

"Required Alteration" shall have the meaning given to such term in Section 12 hereof.

"Sales Expenses" means (a) all property, excise, sales and use taxes and other taxes (as such may be applicable to the sale or transfer of the Equipment), (b) all fees, costs and expenses of such sale or transfer of the Equipment (including, without limitation, fees, costs and expenses of attorneys or those associated with transportation, storage, security or insurance) incurred by Lessor and (c) any and all other amounts incurred in

connection with such sale or transfer of the Equipment for which, if not paid, Lessor would be liable or which, if not paid, would constitute a Lien on the Equipment, or any Part.

"Seller" means Trinity Industries, Inc., a Delaware corporation.

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including, without limitation, payments of Casualty Loss Value and indemnities, but excluding Basic Payments.

"Term" means the period of ninety-six (96) consecutive calendar months from and including each Acceptance Date, unless this Agreement is sooner terminated pursuant to the provisions hereof.

"Third Party Purchaser" means a third party purchaser of the Equipment in accordance with Section 29 hereof.

"Transaction Costs" means all fees, costs and expenses incurred by Lessor or Lessee relating to the acquisition, sale or transfer of the Equipment from the Seller (including, without limitation, any filing or search fees, the fees, costs and expenses of the attorneys for Lessor and Lessee, special Interstate Commerce Commission counsel, and those Persons associated with the transportation, storage, security or insurance of the Equipment).

"Transaction Rate" means a rate of interest equal to the current yield in the secondary market of United States Treasury securities of substantially the same amount as the Acquisition Cost referenced in the Lease Supplement for such Equipment and having a term to maturity of not less than 75 months from the commencement of the Term for such Equipment as referenced in such Lease Supplement.

"Warranty Bill of Sale" shall have the meaning given to such term in Section 3(a)(vii) hereof.

The words "this Agreement", "herein", "hereunder", "hereof", or other like words mean and include this Agreement and the Lease Supplement and any amendment and supplement hereto or thereto.

2. Agreement for Lease of Equipment; Covenant of Quiet Enjoyment. Subject to, and upon all of the terms and conditions of this Agreement, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor, the Equipment for the Term. Provided that no Event of Default has occurred and is continuing, Lessor agrees that it shall not interfere with Lessee's quiet enjoyment and use of the Equipment during the Term. Lessor or any Assignee shall not grant or allow any Liens to be placed on the Equipment other than as permitted in accordance with the provisions of Section 8(b) hereof.

3. Conditions Precedent. The obligations of Lessor to purchase the Equipment and to lease the same to Lessee and enter into the Overall Transaction are subject to:

(a-1) the delivery to Lessor on the closing date of this Agreement of the following documents each in form and substance satisfactory to Lessor:

(i) Lessee's articles of incorporation, by-laws and resolutions, all of which shall be certified, with such resolutions authorizing the Overall Transaction and Lessee's execution, delivery and performance of this Agreement and an incumbency certificate of Lessee containing the name(s), title(s) and specimen signature(s) of the person(s) authorized on behalf of Lessee to execute this Agreement;

(ii) a written opinion of counsel for Lessee in form and substance satisfactory to Lessor;

(iii) a certificate of insurance evidencing the coverages required under Section 17 hereof;

(iv) [Intentionally Omitted];

(v) Uniform Commercial Code filings as deemed appropriate by Lessor's counsel duly executed by Lessee;

(vi) [Intentionally Omitted]; and

(vii) the Purchase Agreement duly executed by the Seller; and

(viii) a legal opinion of Donelan, Cleary, Wood & Maser, P.C., special Interstate Commerce Commission counsel to Lessor; and

(a-2) the delivery to Lessor on the respective closing dates for the various items of Equipment referenced in each Lease Supplement of the following documents each in form and substance satisfactory to Lessor:

(i) a certificate of insurance evidencing the coverages required under Section 17 hereof;

(ii) the Lease Supplement, duly executed by Lessee and Lessor, and dated the Acceptance Date;

(iii) Uniform Commercial Code filings as deemed appropriate by Lessor's counsel duly executed by Lessee;

(iv) a full warranty bill of sale (the "Warranty Bill of Sale") specifically referring to each item of the Equipment, duly executed by the Seller in favor of Lessor and dated the Acceptance Date; and

(v) an update to the legal opinion of Donelan, Cleary, Wood & Maser, P.C., special Interstate Commerce Commission counsel to Lessor; and

(b) The fulfillment to the satisfaction of Lessor as of each Acceptance Date of the conditions specified in the following provisions:

(i) the absence on the Acceptance Date of any Liens on the Equipment, other than any Permitted Lien of the type specified in Sections 15(a) or (b) hereof;

(ii) the Acquisition Cost will not exceed the Maximum Cost;

(iii) the Acceptance Date shall be a date between and inclusive of the date hereof and the Acquisition Expiration Date;

(iv) Lessee shall have paid all fees and expenses due and owing with respect to the Overall Transaction on or prior to the Acceptance Date; and

(v) Lessor shall have received such other documents, appraisals, certificates, financing statements and other items, in form and substance satisfactory to Lessor, as Lessor may reasonably require.

4. Delivery and Acceptance of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining the Equipment or making delivery thereof. Lessor hereby appoints Lessee as Lessor's agent for the sole and limited purpose of accepting delivery of each item of the Equipment. On the Acceptance Date Lessee shall promptly inspect each item of Equipment, and unless Lessee gives Lessor prompt written notice of any defect in or other proper objection to any item of such Equipment, Lessee shall promptly upon completion of such inspection execute and deliver to Lessor the Lease Supplement, dated the Acceptance Date. Various items of the Equipment may have different Acceptance Dates that will be referenced in different Lease Supplements. Lessor shall also pay to the Seller the Acquisition Cost of the Seller's Equipment if all of the conditions precedent specified in Section 3 hereof have been fulfilled to Lessor's reasonable satisfaction. The execution of the Lease Supplement by Lessee and Lessor shall evidence that the each item of Equipment has been accepted under this Agreement, upon and subject to all of the terms, conditions and provisions hereof and shall constitute Lessee's unconditional and irrevocable acceptance of the Equipment for all purposes under this Agreement. Lessee's execution of the Lease Supplement shall constitute Lessee's acknowledgement and agreement that, as between Lessor and Lessee, each item of Equipment has been inspected to Lessee's satisfaction, is in good operating order, repair and condition, is of a size, design, capacity and manufacture selected by Lessee, that each item of Equipment is

duly certified or licensed by any governmental entity which is charged with issuing such certificates or licenses, that Lessee is satisfied that each item of Equipment is suitable for its purpose, that Lessor has made no warranty, expressed or implied, with respect to any item of Equipment and that Lessee has unconditionally accepted each item of Equipment under this Agreement.

5. Term. The Term for lease of the Equipment hereunder shall commence on the Acceptance Date, and unless sooner terminated in accordance with the provisions of this Agreement, shall end on the Expiration Date.

6. Expiration Date Delivery of Equipment.

(a) Delivery to Lessor. If this Agreement shall be in full force and effect and Lessee shall not have elected to purchase the Equipment in accordance with Section 29 hereof, then on the Expiration Date Lessee shall deliver, at Lessee's expense, the Equipment to Lessor (or to a third party to which the Equipment shall be sold pursuant to said Section 29). Lessee shall deliver the Equipment to a location or locations within the continental United States as specified in writing by Lessor or such third party recipient. The terms of this Section 6 shall apply to Lessee's delivery of the Equipment. At the time of such return to Lessor or delivery to the third party, each item of Equipment (and each part or component thereof) shall (i) be in good operating order in accordance with the "interchange rules" of the American Association of Railroads ("AAR") and the rules of the Federal Railroad Administration ("FRA"), and in the repair and condition as when originally delivered to Lessee, ordinary wear and tear from proper use thereof excepted, and refurbished where necessary, (ii) be capable of being immediately operated by a third party purchaser or third party lessee without further inspection, repair, replacement, alteration or improvement, (iii) be in accordance and compliance with any and all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of such item of Equipment, and (iv) be free and clear of all Liens, other than those granted or placed thereon by Lessor or Assignee.

7. Payments.

(a) Basic Payments. Lessee hereby agrees to pay Lessor Basic Payments for the Equipment throughout the Term, in consecutive monthly installments, in accordance with wire transfer instructions delivered by Lessor to Lessee. Each monthly installment shall be in an amount equal to the Basic Payment Factor set forth on Schedule A hereto multiplied by the Acquisition Cost. Each Basic Payment shall be payable in arrears, on the last day of the Basic Payment Period to which such Basic Payment corresponds.

(b) Supplemental Payments. Lessee agrees to pay Lessor, or to whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any such Supplemental Payment hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Payments.

(c) Method of Payment. If the date that any Payment is due is other than a Business Day the Payment otherwise payable on such date shall be payable on the next succeeding Business Day. All Basic Payments and Supplemental Payments required to be made by Lessee to Lessor hereunder shall be made in good funds and in United States dollars. In the event of any assignment to an Assignee pursuant to Section 14(b) hereof, all payments which are assigned to such Assignee, whether Basic Payments, Supplemental Payments or otherwise, shall be paid in the same manner specified herein for payments to Lessor at such address as shall be designated by such Assignee. Time is of the essence in connection with the payment of Basic Payments and Supplemental Payments.

8. Net Lease; Lessor Liens.

(a) Net Lease. This Agreement is a net lease and Lessee acknowledges and agrees that Lessee's obligations hereunder, including, without limitation, its obligations to pay all Payments payable hereunder, shall be absolute and unconditional under any and all circumstances and shall be paid without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any Assignee, or the manufacturer of any item of the Equipment, any Part or unit or component of the Equipment, or any other Person for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Agreement terminate, or the obligations of Lessee be otherwise affected, by reason of any defect in any item of the Equipment, any Part or unit or component of the Equipment, the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, any item of the Equipment, any Part or unit or component of the Equipment, or any Liens or rights of others with respect to any item of the Equipment, any Part or unit or component of the Equipment, any prohibition or interruption of or other restriction against Lessee's use, operation or possession of any item of the Equipment, any Part or unit or component of the Equipment, for any reason whatsoever, or any interference with such use, operation or possession by any Person or entity, or by reason of any failure by Lessor to perform any of its obligations herein contained, or by reason of any other indebtedness or liability, howsoever and whenever arising, or

Lessor or of any Assignee or of Lessee to any other Person, or by reason of any insolvency, bankruptcy or similar proceedings by or against Lessor, any Assignee, any guarantor of Lessee's obligations or Lessee, or for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that the Basic Payments and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Agreement.

(b) Lessor Liens. Notwithstanding Section 8(a), Lessor or Assignee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any item of Equipment (other than the security interest granted in this Agreement or any such Lien subject to a Lien Contest, hereinafter defined) ("Lessor Lien"). Lessor or Assignee shall, at its own expense, promptly pay, satisfy and otherwise take such action as may be necessary to keep each such item of Equipment free and clear of, and duly discharge, any Lessor Lien. Notwithstanding anything to the contrary in this Agreement, Lessee shall, at the end of the Term, have the right to setoff any Payment due hereunder by the amount of any Lessor Lien. Prior to any such setoff, Lessor or Assignee shall have the right to contest the validity of the Lessor Lien ("Lien Contest"). In the event of a Lien Contest, NSP shall have the right to withhold any amount subject to setoff until resolution by Lessor or Assignee of the Lien Contest.

9. Lessor's Title; Grant of Security Interest; Equipment to be and Remain Personal Property.

(a) Lessor's Title. Title to each item of the Equipment shall at all times remain in Lessor and at no time during the Term shall title become vested in Lessee.

(b) Grant of Security Interest; Equipment to be and Remain Personal Property. This Agreement is a lease intended as security. Lessee hereby grants to Lessor a security interest in the Equipment and all proceeds thereof as collateral security for the payment and performance by Lessee of Lessee's obligations as Lessee hereunder. It is the intention and understanding of both Lessor and Lessee, and Lessee shall take all such actions as may be required to assure, that the Equipment shall be and at all times remain personal property, notwithstanding the manner in which the Equipment may be attached or affixed to realty. Lessee shall obtain and record such instruments and take such steps as may be necessary to prevent any Person from acquiring any rights in the Equipment by reason of the Equipment being claimed or deemed to be real property. Upon request by Lessor, Lessee shall obtain and deliver to Lessor valid and effective waivers, in recordable form, by the owners, landlords and mortgagees of the real property upon which the Equipment or any item of Equipment

is located or certificates of Lessee that it is the owner of such real property or that such real property is not leased and/or mortgaged.

10. Use of Equipment; Compliance with Laws. Lessee agrees that each item of Equipment will be used and operated only (a) for purposes or operations in the ordinary course of its business and (b) in the manner set forth in, and in accordance with, the terms, conditions and provisions of the insurance policy or policies providing the coverages specified in Section 17 hereof. In no event shall Lessee use or operate any item of Equipment, or knowingly permit any item of Equipment to be used or operated, for any purpose for which such item of Equipment is not designed or reasonably suitable, or in any fashion that may reasonably subject such item of Equipment to any Liens, other than Permitted Liens, or in any area excluded from coverage by any such insurance policy or policies. Lessee further agrees that each item of Equipment will be used and operated in the conduct of Lessee's business and in compliance with all statutes, law, ordinances, rules and regulations of any Federal, state, local or foreign government or governmental authority having jurisdiction with respect to the use, operation, maintenance, condition and occupancy of any item of Equipment (including, without limitation, all zoning, environmental protection, pollution, sanitary and safety laws). Lessee will not load, use, operate, or store any item of Equipment, or knowingly permit the loading, using, operating or storing of any item of Equipment, in a negligent manner or otherwise in violation of this Agreement or so as to void any of the insurance coverages specified in Section 17 hereof respecting any item of Equipment. Lessee shall procure and maintain in effect all licenses, certificates, permits, approvals and consents required by Federal, state, local or foreign laws or by any governmental body, agency or authority, in connection with the delivery, use, operation, maintenance, condition and occupancy of each item of Equipment. The Equipment will at all times be and remain in the control of Lessee except as Lessee's relinquishment of control of an item of Equipment is specifically permitted by this Agreement and except while an item of Equipment is undergoing maintenance. To the extent that any applicable law requires the licensing or certification of an operator of any item of the Equipment, each such operator shall be duly licensed and currently certificated and qualified to operate such item of Equipment and authorized by the terms of (in accordance with the provisions and requirements of) the insurance policy or policies providing the coverages specified in Section 17 hereof.

11. Operation and Maintenance of Equipment. Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, in accordance with the "interchange rules" of the AAR and the rules of the FRA, and in compliance with such maintenance and repair standards and procedures as are set forth in the manufacturer's manuals pertaining to the Equipment, and as otherwise may be required to enforce warranty claims against each vendor and

manufacturer of each item of Equipment, and in compliance with all requirements of law applicable to the maintenance and condition of the Equipment. Lessee shall, at its own cost and expense, supply the necessary items required in the operation of the Equipment. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of Lessor.

12. Replacement of Parts; Alterations; Modifications and Additions. In case any part, component or unit of the Equipment is required to be altered or modified, or any equipment or appliance is required to be altered, added, replaced or modified on any item of Equipment or in either case in order to comply with the laws, regulations, requirements or rules ("Required Alteration") pursuant to Sections 10 or 11 hereof, Lessee agrees to make such Required Alteration at its own expense. Such Required Alteration shall immediately be and become the property of Lessor and subject to the terms of this Agreement. Lessee agrees that, within 30 days after the close of any calendar quarter in which Lessee has made any material Required Alteration, Lessee will give written notice thereof to Lessor describing, in reasonable detail, the Required Alteration and specifying the cost thereof and the date or dates when made. All parts, equipment and appliances incorporated or installed in or attached to any item of Equipment in connection with servicing, repairing, maintaining and overhauling any item of Equipment pursuant to the requirements of Sections 10 or 11 hereof ("Replacement") shall be considered accessions to such item of Equipment and shall immediately, without further act, be and become the property of Lessor and part of the Equipment. Lessee may, without the prior written consent of Lessor, affix or install any accessory, equipment or device on the Equipment or make any improvement or addition thereto other than a Required Alteration or Replacement ("Improvement"); provided that, (a) a nonremovable Improvement may only be made to the Equipment if such Improvement does not reduce the value of the Equipment and (b) any other Improvement may only be made to the Equipment if such Improvement is readily removable without causing damage to the Equipment or impairing the value, utility or condition the Equipment would have had if such Improvement had not been so affixed or installed. Improvements shall be considered accessions to the Equipment and shall immediately without further act, be and become the property of Lessor and part of the Equipment. At the time title to any replacement Part, equipment or appliance has become vested in Lessor pursuant to the provisions of this Section 12, title to the part, equipment or appliance replaced thereby shall thereupon vest in Lessee; provided, however, that in no event shall any Part, equipment or appliance which cannot be removed without causing damage to any item of Equipment vest in Lessee. In the event that Lessee undertakes to add a Required Alteration, Replacement or Improvement, the parties (to the extent each so elects in its sole discretion at such time) agree to negotiate in good faith for additional financing and incorporation into this Agreement or a separate agreement with a term identical to the remaining Term

under this Agreement. Other terms and conditions of such financing shall be negotiated in good faith between the parties.

13. Identification; Inspection; Reports.

(a) Lessee shall, promptly after the Acceptance Date, mark each item of the Equipment so as to identify that such item is owned by Lessor.

(b) Lessor shall have the right on any Business Day during normal business hours and upon reasonable notice to Lessee to inspect (i) the Equipment (at Lessee's facilities or the facilities of any entity then in possession of such Equipment) and (ii) Lessee's records with respect thereto; provided, however, Lessor will conduct no such inspection which is reasonably likely to disrupt Lessee's business operations. Lessor shall only conduct such inspections, or cause such inspections to be conducted, as Lessor deems necessary or appropriate to confirm the existence and proper maintenance of the Equipment. Upon receipt of Lessor's notice requesting to inspect certain Equipment, Lessee shall promptly notify Lessor of the location of the Equipment and shall make all necessary arrangements with the entity then in possession of the Equipment to facilitate the inspection.

(c) Upon Lessor's request the Lessee shall furnish Lessor with an accurate statement showing the then current location of each item of the Equipment, such requests not to exceed one time per year.

14. Assignment, Sublease or Transfer; Assignment; Consolidation and Merger.

(a) Assignment, Sublease or Other Transfer by Lessee. LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR (WHICH SHALL NOT BE UNREASONABLY WITHHELD), ASSIGN, SUBLEASE OR OTHERWISE TRANSFER ITS RIGHTS OR OBLIGATIONS HEREUNDER FOR A PERIOD EXCEEDING THE GREATER OF THREE MONTHS OR THE REMAINDER OF THE TERM, AND ANY ATTEMPTED ASSIGNMENT, SUBLEASE OR OTHER TRANSFER BY LESSEE FOR A PERIOD EXCEEDING THE GREATER OF THREE MONTHS OR THE REMAINDER OF THE TERM WITHOUT SUCH LESSOR CONSENT SHALL BE NULL AND VOID.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing hereunder, Lessee shall have the right to permit the use of the Equipment in the usual interchange of traffic, provided that Lessee's obligations hereunder shall remain in full force and effect. No assignment, sublease or other transfer by Lessee shall reduce any of the obligations of Lessee hereunder or the rights of Lessor hereunder, and all of the obligations of Lessee hereunder shall be and remain primary and shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety. Lessee shall furnish to Lessor not later than the effective date of such sublease (i) new insurance certificates

from Lessee's insurance broker, in form and substance satisfactory to Lessor, indicating compliance with the insurance provisions of this Agreement and (ii) an officer's certificate from Lessee naming the sublessee and specifying the address for the sublessee's principal place of business. Lessee shall, and shall cause such sublessee to, execute and deliver such instruments to the appropriate Person for filing and to deliver copies of the same to Lessor (including sublease agreements and Uniform Commercial Code financing statements) as may be requested by Lessor in connection with any such sublease.

(b) Assignment By Lessor. Subject to the requirements of Section 8(b) hereof, Lessor may at any time (i) assign, sell or transfer, in whole or in part, Lessor's right, title and interest in, to and under this Agreement and the Lease Supplement, including, without limitation, the right to receive any or all Payments payable under this Agreement and under the Lease Supplement with respect to the Equipment, and (ii) sell or transfer all of Lessor's right, title and interest in and to the Equipment (provided, however, such assignment, sale or transfer shall not be permitted if such assignee, purchaser or transferee has, over the past five years, an average yearly net worth of less than \$150,000,000). Each such assignee of Lessor's rights (an "Assignee") shall have all of Lessor's right, title and interest hereunder to the extent that the same relate to the interest of the Assignee covered by the assignment, including, without limitation, the right to receive such Assignee's portion of the Basic Payments payable for the Equipment for all Basic Payment Periods commencing on or after the date of such assignment, the right to receive such Assignee's portion of the Supplemental Payments which are payable as a result of acts or events which occur on or after the date of such assignment and the right to enforce, either in such Assignee's name or in Lessor's name, but without cost or expense to Lessor, all of Lessor's rights hereunder assigned to such Assignee. Such Assignee may re-assign all or a portion of such right, title and interest. Any such assignment shall be subject to Lessee's rights hereunder so long as no Event of Default has occurred and is continuing hereunder. Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from Lessor. Upon written notice from Lessor to Lessee of such assignment, Lessee agrees to pay the Basic Payments and Supplemental Payments to the Assignee in accordance with the terms of this Agreement supplemented by the instructions specified in such notice, to give all notices which are required or permitted to be given by Lessee to Lessor hereunder to the Person(s) specified to receive the same in such notice of assignment and to otherwise comply with all reasonable notices, directions and demands which may be given by such Assignee in accordance with the provisions of this Agreement. Lessee agrees to deliver to any Assignee an acknowledgement of the assignment together with an opinion of Lessee's counsel regarding the validity and enforceability of this Agreement against Lessee, an incumbency certificate of Lessee and such authorizing resolutions as such Assignee may reasonably request; provided, however, all

out of pocket fees and expenses incurred by Lessee in connection with the production or delivery of the foregoing documents referenced previously in this sentence shall be for the account of Lessor or such Assignee, as agreed to by such parties.

(c) Consolidation, Merger, Conveyance, Transfer and Lease By Lessee. Lessee shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(i) Lessee is the surviving entity of any such consolidation or merger; or

(ii) (A) the corporation formed by such consolidation or into which Lessee is merged, or the Person which acquires by conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety, shall be a solvent corporation organized and existing under the laws of the United States or any state thereof or the District of Columbia and shall execute and deliver to Lessor an agreement containing an effective assumption by such successor, transferee or lessee corporation of the due and punctual performance and observance of each covenant and condition of this Agreement; provided any conveyance, transfer or lease of substantially all of its assets shall not release Lessee from its obligations under this Agreement, which obligations shall at all times remain primary and direct;

(B) immediately prior to and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(C) immediately after giving effect to such transaction, the consolidated tangible net worth (computed on the same basis as the Consolidated Tangible Net Worth) of the corporation formed by such consolidation or into which Lessee is merged or the Person which acquired by conveyance, transfer or lease substantially all the assets of Lessee as an entirety, as the case may be, shall not be less than 100% of the Consolidated Tangible Net Worth of Lessee as reflected in Lessee's then most recent audited financial statements furnished by Lessee pursuant hereto prior to such consolidation, merger, conveyance, transfer or lease; and

(D) Lessee shall have delivered to Lessor a certificate signed by two officers, one of whom shall be the President or a Vice President, and one of whom shall be the Treasurer or the Secretary or an Assistant Secretary of Lessee, and an opinion of Lessee's counsel satisfactory in form and substance to Lessor stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in

clause 14(c)(ii)(A) above comply with the requirements of this Section 14(c) and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger in which Lessee is not the surviving corporation, or any conveyance, transfer or lease of substantially all the assets of Lessee as an entirety in accordance with this Section 14(c), the successor corporation formed by such consolidation or into which Lessee is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for (but without release of Lessee from any of its obligations hereunder with respect to any conveyance, transfer or lease of substantially all the assets of Lessee as an entirety), and may exercise every right and power of, Lessee under this Agreement with the same effect as if such successor corporation had been named as a Lessee herein.

15. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any item of Equipment, or Lessor's title thereof, except the following (collectively, the "Permitted Liens"): (a) any Lien granted to Lessor hereunder or granted or placed thereon by Lessor as a result of an assignment pursuant to Section 14(b) hereof, (b) any Lien resulting from an independent act of or claim against Lessor which does not result from, arise out of or relate to the manufacture, acquisition, ownership or leasing of such item of Equipment or this Agreement or the Lease Supplement or any Default or Event of Default, (c) any Lien for taxes either not yet delinquent or which are the subject of a Permitted Contest, and (d) any materialmen's, mechanics', workmen's, repairmen's or employees' lien or any other like lien arising in the ordinary course of business, which is not delinquent or the subject of a Permitted Contest. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep each item of Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and any Assignee in writing promptly upon becoming aware of any tax or other Lien (other than any Lien excepted above) that shall attach to any item of Equipment and of the full particulars thereof.

16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to the Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to the Equipment from the Acceptance Date, and continuing until the Equipment has been delivered in accordance with the provisions of Section 6 hereof or has been purchased by Lessee in accordance with the provisions of Section 29 hereof. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in

whole or in part, any obligation of Lessee under this Agreement, including, without limitation, the obligation to make Payments.

(b) Event of Loss with Respect to Equipment.

(i) Upon the occurrence of an Event of Loss with respect to any item of Equipment during the Term, Lessee shall forthwith (and in any event within 10 days after such occurrence) give Lessor written notice of such Event of Loss and of its election to perform one of the following options (it being agreed that if Lessee shall not have given Lessor notice of such election within such 10 days after such occurrence, Lessee shall be deemed to have elected to perform the option set forth in the following clause (B)), provided that Lessee shall not have the right to select the option set forth in the following clause (A) if a Default or Event of Default shall have occurred and be continuing and in such circumstance shall be deemed to have selected the option set forth in the following clause (B):

(A) As promptly as practicable, and in any event within 60 days of the occurrence of such Event of Loss, Lessee shall: (I) convey or cause to be conveyed to Lessor pursuant to Section 16(b)(ii), and to be leased by Lessee hereunder in replacement for such item of Equipment, a replacement item (the "Replacement Item"), such Replacement Item to be free and clear of all Liens (other than Permitted Liens) and to have a value and utility at least equal to, and be in as good operating condition as, the item of Equipment with respect to which such Event of Loss occurred, assuming such item of Equipment was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss; or (II) deposit an amount equal to the value of a Replacement Item into a mutually agreed upon escrow account while such Replacement Item is being manufactured if such manufacture exceeds the period of 60 days; provided that, if Lessee shall not perform its obligation to effect such replacement under this clause (A) during the period of time provided herein, then Lessee shall promptly give notice to Lessor, and shall be deemed (whether or not Lessee shall have so given such notice) to have elected to perform the option set forth in clause (B) below by the date and pursuant to the terms specified in said clause. (Notwithstanding such Event of Loss, Lessee's obligation to pay Basic Payments shall continue.)

(B) On the Casualty Loss Value Date next following the earlier of 60 days after the occurrence of such Event of Loss and the date of receipt of insurance proceeds in respect of such occurrence, Lessee shall pay Lessor the sum of (i) the Casualty

Loss Value (computed as of the Casualty Loss Value Date on which such payment is to be made), plus (ii) all accrued and unpaid Basic Payments (and/or any pro rata portion thereof) owing for all Basic Payment Periods (and/or any pro rata portion thereof) prior to such Casualty Loss Value Date, plus (iii) all Supplemental Payments then due and owing. Upon payment in full of amounts specified in clauses (i) through (iii) of the preceding sentence, (A) the obligation of Lessee to pay Basic Payments hereunder, with respect to such item of Equipment for all Basic Payment Periods commencing after the occurrence of such Event of Loss shall terminate, (B) the Term shall end with respect to such item of Equipment, and (C) Lessor shall transfer to Lessee, or Lessee's designee, its title to such item of Equipment.

(ii) Conveyance of Replacement Equipment. Prior to or at the time of any conveyance of a Replacement Item, Lessee, at its own expense, will furnish, or cause to be furnished, to the Lessor the following documents which shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect on the date of such conveyance:

(A) with respect to any such Replacement Item, a full warranty bill of sale and UCC-1 financing statements, in form and substance satisfactory to Lessor;

(B) a supplement to this Lease, and if a Permitted Sublease is in force and effect to such Permitted Sublease, in each case in form and substance satisfactory to such parties covering such Replacement Item, if any, duly executed by Lessee and the sublessee under the Permitted Sublease, if any;

(C) such evidence of compliance with the insurance provisions of this Agreement with respect to such Replacement Item, as Lessor may reasonably request, including an independent insurance broker's report (stating the opinion of such insurance broker that such insurance complies with the terms of this Agreement) with certificates of insurance;

(D) an opinion of Lessee's counsel (and such other opinions or evidence of title as Lessor or its counsel may reasonably request) to the effect that, upon such conveyance, Lessor will acquire good and marketable title to such Replacement Item, free and clear of all Liens other than Permitted Liens, and that such Replacement Item will be leased hereunder and subleased under the Permitted Sublease, if any; and

(E) such other documents and evidence with respect to Lessee as Lessor or its counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 16(b), the taking of all corporate proceedings in connection with and compliance with the conditions set forth in this Section 16(b), in each case in form and substance satisfactory to Lessor.

Upon full compliance by Lessee with the terms of this Section 16(b), Lessor shall convey to Lessee, at Lessee's cost and expense, all of Lessor's right, title and interest, as-is, where-is, without recourse or warranty, express or implied, in and to such replaced item of Equipment, with respect to which Event of Loss occurred. Except as provided in Section 16(b)(i)(B), no Event of Loss with respect to an item of Equipment under the circumstances contemplated by the terms of this Section 16(b) shall result in any reduction in Basic Payments or Lessee's obligation to pay Basic Payments hereunder.

Lessee further agrees to take such further action as Lessor may reasonably request with respect to such Replacement Item to perfect the interest of Lessor in such Replacement Item.

(c) Application of Other Payments Upon Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or by Lessee from any insurer, governmental authority or other party as a result of the occurrence of an Event of Loss will be applied as follows: (i) any such payments received at any time by Lessee shall be promptly paid to Lessor for application pursuant to the following provisions of this Section 16(c); (ii) so much of such payments as shall not exceed the amount of the Casualty Loss Value required to be paid by Lessee pursuant to Section 16(b) hereof shall be applied in reduction of Lessee's obligation to pay such amount, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amount, unless a Default or an Event of Default shall have occurred and be continuing; and (iii) the balance, if any, of such payments remaining thereafter shall be paid to or retained by Lessee, unless a Default or an Event of Default shall have occurred and be continuing.

(d) Application of Payments Not Relating to an Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any insurer, governmental authority or other party with respect to any condemnation, confiscation, theft or seizure of, or requisition of title to or use of, or loss or damage to, any item of the Equipment not constituting an Event of Loss, will be applied directly in payment of repairs or for replacement of property in accordance with the provisions of Sections 11 and 12 hereof, if not already paid by Lessee, or if already paid by Lessee and if no Default or Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such

payment, and any balance remaining after compliance with said Sections 11 and 12 with respect to such loss or damage shall be paid to or retained by Lessee.

17. Insurance.

(a) Coverage. Lessee shall maintain:

(i) property damage insurance with respect to the Equipment insuring against loss or damage from fire and normal extended coverage perils customarily included in policies available with respect to property comparable to the Equipment;

(ii) comprehensive general public liability, including blanket contractual, personal injury, property damage and loss of use of property of others, insurance applicable to the Equipment in such amounts usually carried by Persons in the same industry as Lessee in the same general region but in any event with a combined single limit of not less than \$25,000,000.00; and

(iii) such other insurance with respect to the Equipment in such amounts and against such insurable hazards as is usually carried by Persons in the same industry as Lessee in the same general region, but any loss of the type customarily covered by the policies described in Sections 17(a) (i and ii), whether actually covered in whole or in part by such policies, shall be the responsibility of Lessee and the absence of such coverage shall not relieve Lessee from any of its obligations under any of the documents or agreements related to the Overall Transaction;

provided, however, that the amount of insurance coverage specified in paragraph (i) above with respect to the Equipment shall not in any event be less than the Casualty Loss Value of the Equipment as it may change from time to time.

All insurance policies carried in accordance with this Section 17(a) shall be maintained with insurers of recognized responsibility and standing in the industry.

Notwithstanding anything to the contrary in this Section 17, Lessee shall at all times maintain insurance with respect to the Equipment in accordance with its standard corporate minimum practice with respect to other similar equipment.

(b) Policy. Any insurance policy maintained by Lessee pursuant to Section 17(a) hereof shall:

(i) specify Lessor as the loss payee with respect to property damage insurance and as an additional insured with respect to liability insurance;

(ii) not provide for claims by the insurer of any claims for insurance premiums or commissions or (if such policies provide for the payment thereof) additional premiums or assessments against Lessor;

(iii) provide that in respect of the interests of Lessor such property damage policies shall not be invalidated by any action or inaction of Lessee or any other Person and shall insure the rights and interests of Lessor regardless of, and any claims for losses shall be payable notwithstanding any act of negligence, including any breach of any condition or warranty in any policy of insurance, by Lessee or any other Person;

(iv) provide that any cancellation thereof or material adverse change therein shall not be effective as to Lessor until at least 30 days after receipt by Lessor of written notice thereof;

(v) waive any right of subrogation of the insurers against Lessor and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Lessor;

(vi) not prohibit that the whole or any part of the right, title and interest of Lessor or Lessee therein may be assigned; and

(vii) subject to Section 17(a) hereof, be reasonably satisfactory to Lessor in all other material respects.

(c) Evidence of Insurance. Lessee shall deliver to Lessor by the Acceptance Date certificates of insurance evidencing the provisions described in Sections 17(a) and 17(b) (i-iii, iv and v) hereof executed by the insurer or its duly authorized agent.

(d) Annual Insurance Report. By the renewal date of each insurance policy referenced in Section 17(a), and within 30 days after any material adverse change (including any material increase in deductible amounts) in the information set forth in the certificates provided pursuant to Section 17(c) hereof, Lessee shall deliver to Lessor a certificate of insurance with respect to the same items as described in Section 17(c).

18. General Tax Indemnity. Lessee agrees to pay, and indemnify and hold Lessor and its successors and assigns harmless on an after-tax basis from, any and all Federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest therein (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, Lessee, or any

item of Equipment, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (a) any item of Equipment (b) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, re-leasing, possession, use, maintenance, registration, titling, licensing, documentation, return, sale (including, without limitation, sale to Lessee by Lessor pursuant to the terms hereof) or other application or disposition thereof, (c) the payments, receipts or earnings arising from the Equipment, or any Part, or (d) this Agreement, the Lease Supplement, or the Basic Payments and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to any taxes to the extent based upon or measured by Lessor's net income (unless such tax is a Covered Income Tax as hereinafter defined), and which are imposed or levied by any Federal, state or local taxing authority in the United States. For purposes hereof, a "Covered Income Tax" shall mean an income tax (including, without limitation, a tax imposed upon gross income or receipts) imposed on Lessor by any taxing authority (excluding the United States Federal government) in whose jurisdiction, Lessor (including for this purpose all entities with which it is combined, integrated or consolidated in such taxing authority's jurisdiction) would not engage in business, would not maintain an office or other place of business, and would not otherwise be located therein, but for Lessor's role in the Overall Transaction, the operation of the Equipment in such jurisdiction, the presence of Lessee or any use of the Equipment or the transactions contemplated by this Agreement.

Lessor shall promptly furnish Lessee with copies of any requests for information received by Lessor from any taxing authority relating to any taxes or other impositions with respect to which the Lessee is required to indemnify hereunder, and if a claim is made against Lessor for any such taxes or other impositions, with respect to which Lessee is liable for a payment or indemnity hereunder, Lessor shall give Lessee prompt notice in writing at least 45 days prior to the expiration of the time period for responding to such claim. The indemnity provided by this Section 18 shall not apply to the extent (i) Lessee is prevented from raising a challenge to such taxes or other impositions as a direct result of Lessor's failure to comply with its obligations set forth in the preceding sentence and (ii) such taxes or other impositions, if challenged within an appropriate period of time, would not have required payment. Lessee may, at its sole cost and expense, either in its own name or in the name of Lessor, contest the validity, applicability or amount of any such tax or other imposition by means of a Permitted Contest. If Lessor shall obtain a refund of any amount paid by Lessee pursuant to this Section 18, Lessor shall pay to Lessee the amount of such refund, together with the amount of any interest actually received by Lessor on account of such refund. Lessee will promptly notify Lessor of all reports or returns required to be made with respect to any tax or other imposition with respect to which Lessee is required to indemnify hereunder, and will

promptly provide Lessor with all information necessary for the making and timely filing of such reports or returns by Lessor. If Lessor requests that any such reports or returns be prepared and filed by Lessee, Lessee will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Lessee shall prepare such reports or returns for signature by Lessor, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to Lessor, at least 10 days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 18. All of the indemnities contained in this Section 18 shall continue in full force and effect notwithstanding the expiration or other termination of the Term and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee.

19. Indemnification. Lessee hereby assumes liability for, and does hereby agree, whether or not any of the transactions contemplated hereby are consummated, to indemnify, protect, save, defend, and hold harmless Lessor, each Assignee, and their respective officers, directors, successors, assigns, agents and servants (each such party being herein, for purpose of this Section 19, called an "indemnified party") from and against any and all obligations, fees, liabilities, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses, including, without limitation, reasonable legal expenses, of every kind and nature whatsoever imposed on, incurred by, or asserted against any indemnified party, in any way relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, acceptance, leasing, subleasing, possession, use, operation, maintenance, storage, removal, sale, delivery or other disposition of the Equipment, or any portion thereof, including, without limitation, any of such as may arise from (i) loss or damage to any property or death or injury to any person, (ii) patent or latent defects in any item of Equipment (whether or not discoverable by Lessee or any indemnified party), (iii) any claims based on strict liability in tort or otherwise, (iv) any claims based on patent, trademark or copyright infringement, and (v) any claims based on liability arising under the applicable environmental or noise or pollution control law or regulation, (b) any failure on the part of Lessee to perform or comply with any of the terms of this Agreement, but excluding any claim based upon any failure on the part of Lessor to comply with any of Lessor's obligations under this Agreement. Lessee shall not be required to indemnify any indemnified party for any claims resulting from acts which would constitute [the willful misconduct or gross negligence] of such indemnified party or (c) any claims, encumbrances, security interests, liens or legal processes regarding Lessor's title to the Equipment. Lessee shall give each indemnified party prompt notice of any occurrence, event or condition known to Lessee as a consequence

of which any indemnified party is or is reasonably likely to be entitled to indemnification hereunder. Lessee shall forthwith upon demand of any such indemnified party reimburse such indemnified party for amounts expended by it in connection with any of the foregoing or pay such amounts directly. Lessee shall be subrogated to an indemnified party's rights in any matter with respect to which Lessee has actually reimbursed such indemnified party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 19. In case any action, suit or proceeding is brought against any indemnified party in connection with any claim indemnified against hereunder, such indemnified party will, after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof, enclosing a copy of all papers served upon such indemnified party. Lessee may, and upon such indemnified party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or at Lessee's option cause the same to be resisted or defended by counsel selected by Lessee and consented to by such indemnified party (such consent not to be unreasonably withheld); and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by such indemnified party in connection with such action, suit or proceeding. In no event shall the indemnified party enter into any settlement of any proceeding unless Lessee shall have consented to the same in writing. Lessee shall have control of any defense, and the indemnified party shall take no action without Lessee's approval. The provisions of this Section 19, and the obligations of Lessee under this Section 19, shall apply from the date of the execution of this Agreement and shall survive the expiration or earlier termination of this Agreement and of the Term.

20. NO WARRANTIES. LESSOR LEASES THE EQUIPMENT TO LESSEE ON AN AS-IS, WHERE-IS BASIS AND LESSOR EXPRESSLY DISCLAIMS AND MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE EQUIPMENT, THE DESIGN OR CONDITION OF EQUIPMENT, ITS MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, OR ANY OTHER MATTER CONCERNING, ANY ITEM OF THE EQUIPMENT OR THE FINANCING THEREOF (WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES). LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING, WITHOUT LIMITATION, INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY ANY ITEM OF THE EQUIPMENT OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSEE), IN ANY ITEM OF THE EQUIPMENT, OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF ANY ITEM OF THE EQUIPMENT OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE ANY ITEM OF THE EQUIPMENT FOR ANY

REASON WHATSOEVER. So long and only so long as an Event of Default shall not have occurred and be continuing, and so long and only so long as all of the Equipment shall be subject to this Agreement and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's sole expense, to assert for Lessor's account, all rights and powers of Lessor under the Purchase Agreement and any other manufacturer's vendor's or dealer's warranty on any item of Equipment; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization.

21. Lessee's Representations and Warranties. Lessee hereby represents and warrants to Lessor that:

(a) Due Organization and Existence. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and is qualified to do business in each jurisdiction in which such qualification is necessary in order for Lessee to carry on its business and to perform its obligations hereunder, and is in good standing under the laws of each jurisdiction in which the failure to be in good standing would have a material adverse effect on the condition (financial or otherwise) of Lessee;

(b) Power and Authority. Lessee has the corporate power and authority to execute and perform this Agreement and to lease the Equipment hereunder, and has duly authorized the execution, delivery and performance of this Agreement, the Lease Supplement and the other related instruments and documents;

(c) Due Authorization. The leasing of the Equipment from Lessor by Lessee, the execution and delivery of this Agreement, the Lease Supplement, each other related instrument, document and agreement, and the compliance by Lessee with the terms hereof and thereof, and the payment and performance by Lessee of all of its obligations hereunder and thereunder (i) has been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) is not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's articles of incorporation, by-laws or of any provisions of any agreements relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provisions of applicable law, any applicable order of any court or other agency of government, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or any instrument, or result in the creation or imposition of any Lien upon any of Lessee's property or assets;

(d) Enforceability. This Agreement and the Lease Supplement have been executed by the duly authorized officer or officers of Lessee and delivered to Lessor and constitute, the legal, valid and binding obligations of Lessee, enforceable in accordance with their terms;

(e) No Consents. Neither the execution and delivery of this Agreement or the Lease Supplement by Lessee nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, nor the sale of the Equipment by any Seller to Lessor for the purpose of leasing the same to Lessee under this Agreement requires the consent or approval of, the giving of notice to, the registration, filing or recording with or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency;

(f) No Liens. No mortgage, deed of trust, or other Lien (other than the Lien granted to Lessor hereunder) which now covers or affects, or which may hereafter cover or affect, any property or interest therein of Lessee, now attaches or hereafter will attach to any item of Equipment, or in any manner affects or will affect adversely Lessor's rights and interests therein;

(g) Financial Statements. All balance sheets, statements of profit and loss and other financial data that have been delivered to Lessor with respect to Lessee (i) are complete and correct in all material respects, (ii) accurately present the financial condition of Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished and (iii) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; all balance sheets disclose all known material liabilities, direct and contingent, as of their respective dates, and there has been no change in the condition of Lessee, financial or otherwise, since the date of the most recent financial statements delivered to Lessor with respect to Lessee other than changes in the ordinary course of business, none of which changes, either separately or in the aggregate, has been materially adverse;

(h) No Litigation. There is no litigation or any other proceedings now pending or, to the knowledge of Lessee threatened, against or affecting Lessee, in any court or before any regulatory commission, board or other administrative governmental agency which would directly or indirectly, adversely affect or impair the title of Lessor to the Equipment, or which, in the reasonable opinion of Lessee's management, is likely to affect materially and adversely, the business, operations or condition of Lessee (financial or otherwise), other than as disclosed in Lessee's financial statements;

(i) Income Tax Return. Lessee has filed all United States income tax returns which are required to be filed, and has paid, or made provisions for the payment of, all taxes which have

or may become due pursuant to said returns or pursuant to any assessment received by Lessee, except such taxes, if any, as are being contested by means of a Permitted Contest;

(j) ERISA. Lessee has not entered into the Overall Transaction, directly or indirectly, in connection with any arrangement in any way involving any employee benefit plan or related trust to which it is a party in interest, all within the meaning of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended;

(k) Investment Company. Lessee is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended;

(l) Taxes. All sales, use, documentation or similar taxes, fees or other charges due and payable prior to or as of the date hereof have been paid to the extent such are in connection with the sale to and purchase by Lessor of the Equipment and/or the leasing of the Equipment by Lessor to Lessee;

(m) No Offer to Sell or Assign. Lessee has not offered any interest in this Agreement, the Payments, or the Equipment or any similar security for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than Lessor and as to Lessor, after reasonable inquiry, Lessee does believe that Lessor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of such an investment; and

(n) Invoices. Lessee shall promptly deliver or cause to be delivered to Lessor true, correct and complete copies of all acceptance certificates for the Equipment and all invoices for the Equipment. Such invoices shall be delivered within 30 days of the closing for each delivery of Equipment.

22. Events of Default. Any of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary, or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Payment. Lessee shall fail to make (i) any Basic Payments within 5 days after the same is due and payable or (ii) any Supplemental Payment within 10 days after receipt of written notice to Lessee that the same is due and payable; or

(b) Certain Covenants. Lessee shall fail to observe or perform any of the covenants or agreements of Lessee set forth in Sections 6, 8, 14(a), 14(c), 15, 17 or 29 hereof; or

(c) Other Covenants. Lessee shall fail to perform or observe any other covenant, express condition, or agreement to be performed or observed by it under this Agreement, or in any agreement or certificate furnished to Lessor in connection herewith, and such failure shall continue unremedied for 60 days after written notice to Lessee specifying such failure and demanding the same to be remedied; provided, however, that if Lessee shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of Lessee in attempting to cure such failure, such failure is not cured within said 60 day period but is curable with future due diligence, there shall exist no Event of Default under this Section 22 for such further time, not to exceed 90 days, as may reasonably be required to effect such cure, so long as Lessee is proceeding with due diligence to cure such failure; or

(d) Default under Other Documents. Lessee shall be in default under any lease, loan agreement or other agreement, instrument or document, now or hereafter entered into between Lessee and Lessor; or

(e) Bankruptcy; Insolvency. Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent and shall not be dismissed for a period of 60 days; or any petition for the relief, reorganization or arrangement of Lessee or any other petition in bankruptcy or for the liquidation, insolvency or dissolution of Lessee shall be filed by or against Lessee and, if filed against Lessee shall be consented to or be pending and not dismissed for a period of 60 days; or an order for relief under any bankruptcy or insolvency law shall be entered by any court or governmental authority of competent jurisdiction with respect to Lessee; or any execution or writ of process shall be issued under any action or proceeding against Lessee whereby any item of Equipment may be taken or restrained; or Lessee's corporate existence shall cease; or Lessee shall, without Lessor's prior written consent, sell, transfer or dispose of, or pledge or otherwise encumber, all or substantially all of its assets or property, or consolidate or merge with any other entity, or engage in any form of corporate reorganization; or

(f) Misrepresentation. Any representation, warranty, statement or certification made by Lessee under this Agreement or in the Lease Supplement or in any document or certificate furnished to Lessor in connection herewith or pursuant hereto) shall prove to be untrue or incorrect when made in any material respect, or shall be breached in any material respect.

23. Remedies Upon Default. Upon the occurrence of any Event of Default, and at any time thereafter so long as the same shall be continuing, Lessor may exercise one or more of the following remedies with respect to the Equipment or any part thereof as Lessor in its sole discretion shall elect:

(a) Return of Equipment. Lessor may cause Lessee, upon the demand of Lessor and at Lessee's expense, to, and Lessee shall, promptly return the Equipment (or any item thereof) as Lessor may demand to Lessor at such location in the continental United States as selected by Lessor in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 6 hereof as if the Equipment were being returned at the end of the Term; or Lessor, at its option, may enter upon the premises where the Equipment is located or believed to be located and take immediate possession of and remove the Equipment (or any items thereof) without the necessity for first instituting proceedings, or by summary proceedings or otherwise, and Lessee shall comply therewith, all without liability to Lessor for or by reason for such entry or taking possession, excluding damage to property caused by such taking or otherwise;

(b) Sell, Use, Lease or Otherwise Employ Equipment. Lessor may (i) sell or otherwise dispose of the Equipment, at public or private sale and with or without notice to Lessee or advertisement, as Lessor may determine or (ii) hold, use, operate, lease to others or keep idle all or any part of the Equipment as Lessor, in its sole discretion, may determine, in the case of (i) or (ii) of this Section 23(b) free and clear of any rights of Lessee except as hereinafter set forth in this Section 23 and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto except to the extent required by Section 23(d) hereof in the event Lessor elects to exercise its rights under said Section 23(d) in lieu of its rights under Section 23(b) hereof;

(c) Excess of Casualty Loss Value over Fair Market Sales Value. Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Sections 23(a) or (b) hereof with respect to the Equipment, Lessor, by notice to Lessee specifying a payment date not earlier than the next Basic Payment Date, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, any Basic Payments with respect to the Equipment due on or before such payment date plus an amount equal to the excess, if any, of (i) the Casualty Loss Value for the Equipment, determined as of such payment date over (ii) the Fair Market Sales Value for such Equipment, computed as of the payment date specified pursuant to this Section 23(c), together with interest, to the extent permitted by applicable law, at the Overdue Rate on the amount of such excess, if any, from such payment date specified pursuant to this Section 23(c), to the date of actual payment of such amount;

(d) Excess of Casualty Loss Value over Sales Proceeds. In the event Lessor, pursuant to Section 23(b) hereof, shall have sold the Equipment, Lessor in lieu of exercising its rights under Section 23(c) hereof with respect to the Equipment, may, if it shall so elect, cause Lessee to pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for

loss of a bargain and not as a penalty (in lieu of the Basic Payments for the Equipment due after the date on which such sale occurs but in addition to any Basic Payments for the Equipment due on or up to the date on which such sale occurs), the amount of any deficiency of the net proceeds of such sale below the Casualty Loss Value of the Equipment, determined as of the date of such sale, together with interest, to the extent permitted by applicable law, at the Overdue Rate on the amount of such deficiency from the date as of which such Casualty Loss Value is determined to the date of actual payment; or

(e) Rescission. Rescind this Agreement as to the Equipment or exercise any other right or remedy which may be available under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

In addition, Lessee shall be liable for any and all Supplemental Payments due hereunder before or after any termination hereof, including all costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto including all costs and expenses incurred in connection with the return of the Equipment in accordance with the terms of Section 6 hereof or any appraisal of the Equipment. At any sale of the Equipment, Lessor may bid for and purchase such property. Except as otherwise expressly provided above, no remedy referred to in this Section 23 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be or be construed to be, a waiver of any future or subsequent Event of Default.

24. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 25 hereof, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder; provided, however, that no such payment, performance or compliance by Lessor shall be deemed to cure any Event of Default hereunder.

25. Late Charges. Lessee shall pay to Lessor, upon demand, to the extent permitted by applicable law, interest on any Basic Payment not paid when due, and on any Supplemental Payment or

other amount payable under this Agreement which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period) at a per annum rate equal to the lesser of the Transaction Rate plus 100 basis points (computed on the basis of the actual number of days elapsed over a year of 360 days) and the highest per annum interest rate permitted by law.

26. Further Assurances. Lessor and Lessee agree to cooperate in good faith and to execute and deliver such documents and further assurances consistent with and in clarification of the characterization and intent of the parties with respect to the Overall Transactions.

27. Lessee's Payment of Lessor's Expenses. Lessee further agrees, whether or not the transaction contemplated hereby is consummated, to pay the reasonable fees and expenses of Moore & Van Allen, Lessor's special counsel, not to exceed \$7500, and the reasonable fees and expenses of Lessor's ICC counsel, incurred in connection with the preparation and negotiations of this Agreement and the documents related hereto.

28. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing, and any such notice shall be deemed given when personally delivered or when deposited with a nationally recognized overnight delivery service, with the cost therefor prepaid, or in the United States mails, with proper postage prepaid, for first class certified mail, return receipt requested, addressed (a) if to Lessor or Lessee, at their respective addresses as set forth herein or at such other address as either of them shall, from time to time, designate in writing to the other, and (b) if to any Assignee, to the address of such Assignee as such Assignee shall designate, from time to time, in writing to Lessor and Lessee.

If to Lessor: NationsBanc Leasing Corporation
of North Carolina
NationsBank Corporate Center
100 North Tryon Street, NC1007-12-01
Charlotte, North Carolina 28255-0001
Attention: James T. Shaw, Jr.
Vice President

If to Lessee: Northern States Power Company
414 Nicollet Mall
Minneapolis, Minnesota 55401
Attention: Manager, Fuel Resources

29. Lessee's End of Term Purchase Option.

(a) Lessee Purchase or Third Party Purchase. If this Agreement shall not have been earlier terminated, Lessee, upon written notice to Lessor delivered not later than the Option Election Notice Date, shall elect one of the options described in Sections 29(b or c) hereof; provided, that Lessee shall be deemed to have elected the option described in Section 29(b) hereof if

Lessor does not receive such notice by the Option Election Notice Date and Lessor shall not be bound by Lessee's election of the option described in Section 29(c) hereof if a Default or Event of Default is continuing at the Expiration Date; provided, further that such election by Lessee once made shall be irrevocable.

(b) Lessee's Purchase. On the Expiration Date, Lessee shall purchase all (but not less than all) of the Equipment for an amount equal to fifty percent (50%) of Acquisition Cost. Lessee shall also pay to (i) Lessor all other Basic Payments and (ii) the appropriate parties all other Supplemental Payments then due and owing and all Sales Expenses. Lessor's sale of the Equipment shall be on an as-is, where-is basis, without recourse to or warranty by Lessor. If Lessee has exercised its purchase option, but has not prior to or on the Expiration Date paid all amounts for which it is obligated under this Section 29(b), then Lessor in its sole discretion may elect to refuse to sell the Equipment to Lessee.

(c) Third Party Purchase. Lessee shall solicit bona fide bids for the Equipment from prospective purchasers who are financially capable of purchasing the Equipment. If Lessee so elects and Lessor agrees, Lessor, acting as Lessee's agent, shall solicit such prospective purchasers for the Equipment. All bids received by Lessee or Lessor prior to the end of the Term shall be immediately certified to the other in writing, setting forth the amount of such bid and the name and address of the person or entity submitting such bid. If any bid is received from a bona fide prospective purchaser for an amount in excess of the Maximum Lessor Risk Amount, or if Lessor agrees in its reasonable discretion to accept a bid for less than the Maximum Lessor Risk Amount, then on the Expiration Date (i) Lessor shall sell the Equipment on an as-is, where-is basis, without recourse or warranty, to the highest bidder, (ii) such bidder shall pay Lessor the bid amount solely for the account of Lessor, (iii) Lessee shall pay, or cause to be paid, all Basic Payments and Supplemental Payments then due and owing and all Sales Expenses and (iv) Lessor shall promptly transfer title to the Equipment to such bidder. If Lessor (X) does not receive any bid in excess of the Maximum Lessor Risk Amount from a bona fide prospective purchaser and does not accept any bids received for less than the Maximum Lessor Risk Amount, or (Y) does not receive the bid amount from the third party purchaser on or prior to the Expiration Date, then on the Expiration Date, Lessee shall pay Lessor the Maximum Lessee Risk Amount (and all amounts referenced in Section 29(c)(iii)) and Lessor shall retain title to the Equipment.

(d) End of Term Adjustment. If the Net Proceeds of Sale are more than fifty percent (50%) of the Acquisition Cost, Lessor shall, on the Expiration Date, pay Lessee an amount equal to such excess as an adjustment to the Payments payable under this Agreement, provided that Lessor shall have the right to offset against such adjustment payable by Lessor, any amounts then due and payable from Lessee to Lessor. If the Net Proceeds

of Sale are less than fifty percent (50%) of the Acquisition Cost, Lessee shall, on the Expiration Date, pay to Lessor, an amount equal to such deficiency as an adjustment to the Payments payable under this Agreement, but in no event shall the amount Lessee is required to pay Lessor with respect to such deficiency exceed the Maximum Lessee Risk Amount.

30. Federal Tax Consequences. It is expressly agreed that for Federal income tax purposes the parties entered into the transaction contemplated by this Agreement intending such transaction to be characterized as a mere financing and for Lessee to be considered the owner of the Equipment for such tax purposes; provided, however, Lessor makes no representation or warranty as to the availability of such tax treatment. Consistent with this, Lessee intends to claim the cost recovery deductions associated with the Equipment, and Lessor agrees not to take an inconsistent position on its Federal income tax returns.

31. Financial Information. Lessee agrees to furnish Lessor (a) as soon as available, and in any event within 120 days after the last day of each fiscal year of Lessee, a copy of the consolidated balance sheet of Lessee and its consolidated subsidiaries as of the end of such fiscal year, and related consolidated statements of income and retained earnings of Lessee and its consolidated subsidiaries for such fiscal year, certified by an independent certified public accounting firm of recognized standing, each on a comparative basis with corresponding statements for the prior fiscal year, or a copy of Lessee's Form 10-K filed with the Securities and Exchange Commission for such fiscal year (if Lessee is subject to the reporting requirements under the rules and regulations promulgated by the Securities and Exchange Commission), and (b) within 60 days after the last day of each fiscal quarter of Lessee (except the last such fiscal quarter), a copy of the balance sheet as of the end of such quarter, and statement of income covering the fiscal year to date of Lessee and its consolidated subsidiaries, each on a comparative basis with the corresponding period of the prior year, all in reasonable detail and certified by the treasurer or principal financial officer of Lessee, or a copy of Lessee's Form 10-Q filed with the Securities and Exchange Commission, all such other financial statements and reports as Lessee shall send to the Securities and Exchange Commission.

32. Miscellaneous. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Agreement may be amended, altered, waived, discharged or terminated orally, but only by an instrument in writing signed by a duly authorized officer or the party against which the

enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and (subject to the restrictions of Section 14(a) hereof) Lessee. This Agreement, the Lease Supplement and each related instrument, document, agreement and certificate collectively constitute the entire agreement of Lessor and Lessee with respect to the financing of the Equipment, and cancels and supersedes any and all prior oral or written understandings with respect thereto. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of North Carolina, including all matters of construction, validity and performance. This Agreement may be executed in as many counterparts as shall be determined by the parties hereto when so executed, each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart.

33. Interest Rate Calculations. All rate calculations made pursuant to this Agreement (including, without limitation, any calculation of the Overdue Rate) shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

34. Acceptance of Equipment Referenced in Purchase Agreement. Lessee hereby agrees on or prior to the Acquisition Expiration Date to accept delivery of all items of the Equipment referenced in the Purchase Agreement and to have all such Equipment subjected to the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Lease Agreement to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION OF
NORTH CAROLINA


By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____ Secretary

(Corporate Seal)

NORTHERN STATES POWER COMPANY

By: 
Name: Craig J. Blair
Title: Executive Vice President

ATTEST:


By: 
Name: Chandra Houston
Title: Assistant Secretary

(Corporate Seal)

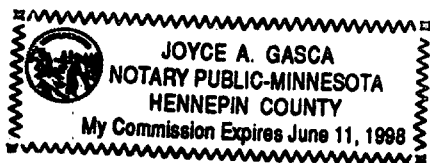
COUNTERPART NO. _____ OF _____ SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

COUNTY OF HENNEPIN

WITNESS my hand and official stamp or seal, this 2nd day of November, 1992.


Notary Public

(Notary Public)



Schedule A

Basic Payment Factor

The Basic Payment Factor shall be expressed as a percentage of Acquisition Cost and shall be set on the date of commencement of the Term for the items of the Equipment referenced in the particular Lease Supplement executed in connection with such items of the Equipment. The Basic Payment Factor for the Equipment shall equal the Transaction Rate, in effect on the date of commencement of the Term for such Equipment, plus 93 basis points. For illustrative purposes only, if the Term for any item of the Equipment had commenced on September 1, 1992, the Basic Payment Factor for such Equipment would have equalled 7.01% per annum.

Schedule B

Casualty Loss Value

The Casualty Loss Value shall be expressed as a percentage of Acquisition Cost and shall be set on the date of commencement of the Term for the items of the Equipment referenced in the particular Lease Supplement executed in connection with those items of the Equipment. The parties recognize and agree that the Casualty Loss Value may vary for different items of the Equipment based on the variance in the Transaction Rate on the date of commencement of the Term for such items of Equipment. The schedule set forth below is provided for illustrative purposes only and references the Casualty Loss Value percentages that would have applied if the date of commencement of the Term for certain items of Equipment occurred on September 1, 1992.

<u>Casualty Loss</u> <u>Value Date</u>	<u>Casualty Loss Value*</u>
September 30, 1992	101.000000
October 31, 1992	100.610149
November 30, 1992	100.218020
December 31, 1992	99.823600
January 31, 1993	99.426877
February 28, 1993	99.027836
March 31, 1993	98.626464
April 30, 1993	98.222747
May 31, 1993	97.816672
June 30, 1993	97.408225
July 31, 1993	96.997391
August 31, 1993	96.584158
September 30, 1993	96.168511
October 31, 1993	95.750435
November 30, 1993	95.329918
December 31, 1993	94.906944
January 31, 1994	94.481499
February 28, 1994	94.053568
March 31, 1994	93.623138
April 30, 1994	93.190194
May 31, 1994	92.754720
June 30, 1994	92.316703
July 31, 1994	91.876126
August 31, 1994	91.432976
September 30, 1994	90.987238
October 31, 1994	90.538895
November 30, 1994	90.087933
December 31, 1994	89.634337
January 31, 1995	89.178092
February 28, 1995	88.719181
March 31, 1995	88.257589
April 30, 1995	87.793300
May 31, 1995	87.326300

June 30, 1995	86.856571
July 31, 1995	86.384099
August 31, 1995	85.908866
September 30, 1995	85.430857
October 31, 1995	84.950056
November 30, 1995	84.466447
December 31, 1995	83.980012
January 31, 1996	83.490735
February 28, 1996	82.998601
March 31, 1996	82.503591
April 30, 1996	82.005690
May 31, 1996	81.504880
June 30, 1996	81.001145
July 31, 1996	80.494467
August 31, 1996	79.984829
September 30, 1996	79.472214
October 31, 1996	78.456604
November 30, 1996	77.937983
December 31, 1996	77.416332
January 31, 1997	76.891633
February 28, 1997	76.363870
March 31, 1997	75.833023
April 30, 1997	75.299075
May 31, 1997	74.762009
June 30, 1997	74.221804
July 31, 1997	73.678445
August 31, 1997	73.131911
September 30, 1997	72.582184
October 31, 1997	72.029246
November 30, 1997	71.473078
December 31, 1997	70.913661
January 31, 1998	70.350976
February 28, 1998	69.785004
March 31, 1998	69.215726
April 30, 1998	68.643122
May 31, 1998	68.067174
June 30, 1998	67.487861
July 31, 1998	66.905163
August 31, 1998	66.319062
September 30, 1998	65.729537
October 31, 1998	65.136568
November 30, 1998	64.540136
December 31, 1998	63.940219
January 31, 1999	63.336797
February 28, 1999	62.729851
March 31, 1999	62.119359
April 30, 1999	61.505301
May 31, 1999	60.887655
June 30, 1999	60.266402
July 31, 1999	59.641519
August 31, 1999	59.012986
September 30, 1999	58.380781
October 31, 1999	57.244884
November 30, 1999	56.605271
December 31, 1999	55.961922

January 31, 2000	55.314815
February 28, 2000	54.663928
March 31, 2000	54.009238
April 30, 2000	53.350724
May 31, 2000	52.688363
June 30, 2000	52.022133
July 31, 2000	51.352011
August 31, 2000	50.677974
September 30, 2000	50.000000

* Expressed as a percentage of Acquisition Cost.

Schedule C

The Maximum Lessee Risk Amount and the Maximum Lessor Risk Amount shall be specified on the respective Lease Supplement executed on the date of commencement of the Term for the various items of the Equipment.

EXHIBIT A

The Equipment shall include the various items referenced below as the "Trinity Coal Cars" which shall be subjected to the terms of this Agreement pursuant to the execution of Lease Supplements from time to time and may also include other equipment as may be subjected to the terms of this Agreement pursuant to the execution of a Lease Supplement in connection therewith.

Trinity Coal Cars:

4,155 cubic foot, 5 pocket, serial number and body-steel underframe mechanized rapid discharge II coal cars, Trinity design number HK-40123 dated June 12, 1992, NSPX 92-001 through 92-135.

Exhibit B

LEASE SUPPLEMENT AND ACCEPTANCE CERTIFICATE

This Lease Supplement and Acceptance Certificate is dated _____, and is executed by NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation ("Lessor") and NORTHERN STATES POWER COMPANY, a Minnesota corporation ("Lessee") pursuant to Section 4 of the Equipment Lease Agreement, dated as of November 2, 1992 between Lessee and Lessor (the "Agreement"). All capitalized terms used herein but not defined herein shall have the meanings given to such terms in the Agreement.

Lessee hereby acknowledges and agrees that the equipment specified on Annex A to this Lease Supplement and Acceptance Certificate (the "Equipment") has been delivered to Lessee on the date hereof at the delivery place described below, and that, as between Lessor and Lessee, the Equipment (a) has been inspected to the complete satisfaction of Lessee, (b) is in good operating order, repair and condition, (c) is of a size, design, capacity and manufacture selected by Lessee, (d) is suitable for Lessee's purposes, (e) has been unconditionally accepted by Lessee on the date hereof, for all purposes of the Agreement, and (f) is subject to all of the terms, conditions and provisions of the Agreement. Lessee further acknowledges, agrees and certifies that Lessor has made no warranty, express or implied, with respect to the Equipment and that the insurance policies, certificates or other documents evidencing the coverages required under the Agreement have been delivered to Lessor.

Lessee hereby leases from Lessor the Equipment upon and subject to all of the terms, conditions and provisions of the Agreement, and Lessor and Lessee further agree and state as follows:

1. Delivery Place for the Equipment: Chicago, Illinois.
2. The Acquisition Cost is \$_____.
3. The Term for the Equipment commences on _____ and ends on _____, both dates inclusive, unless sooner terminated in accordance with the provisions of the Agreement.
4. The Basic Payment for the Equipment for each monthly period of the Term is in an amount equal to the Basic Payment Factor multiplied by the Acquisition Cost.
5. The Maximum Lessee Risk Amount is _____%, expressed as a percentage of Acquisition Cost.
6. The Maximum Lessor Risk Amount is _____%, expressed as a percentage of Acquisition Cost.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Supplement and Acceptance Certificate to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION OF
NORTH CAROLINA

By: _____
Name: _____
Title: _____

NORTHERN STATES POWER COMPANY

By: _____
Name: _____
Title: _____

Annex A

Equipment Description